FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 51-401

4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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4-750 (Rev. 4-17-85)

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FBI/DOJ

4-750 (Rev. 4-17-85)

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FBI/DOJ

Mr. Tolson
Mr. Nichols
Mr. Boardman
Mr. Belmont
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Winterrow
Tele. Room
Mr. Holloman
Miss Gandy

File

67C

PERMISSION DENIED FOR COSTELLO'S TRIP

Frank Costello will spend the winter in and around New York—by court order.

Federal Judge Sidney Sugarman denied yesterday the 68-year-old gambler's motion to be permitted to make an annual pilgrimage to Hot Springs, Ark., for his health.

Costello, who is free in $50,000 bail pending a review next month by the Supreme Court of his conviction on income tax evasion charges, cannot leave the jurisdiction of the Southern and Eastern Districts of New York without court permission.

Dr. Gerald E. O'Brien of 58 West Sixty-sixth Street, Costello's personal physician, reported that his patient suffered from sinusitis and laryngitis and needed the Hot Spring baths. Judge Sugarman appointed Dr. William B. Allen of 410 Park Avenue to examine Costello. At the prosecution's insistence the gambler agreed to pay Dr. Allen.

Costello insisted that the examination take place at Dr. O'Brien's office. However, Dr. Allen refused to see Costello except in his own office. Joseph Geary Delaney, Costello's lawyer, notified Judge Sugarman of the standoff.

Judge Sugarman settled the matter this way:

"In the light of Costello's [illegible] to present himself at the office of Dr. William B. Allen for examination, the motion is denied and it is so ordered."

CLIPPING FROM THE
N. Y. N.Y. TIMES
DATED DEC 9 1955
FORWARDED BY N. Y. DIVISION

p23 Late City

Income Tax

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52 DEC 19 1955

51-401-A
NOT RECORDED
138 DEC 19 1955

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. L. V. BOARDMAN GIR 15 DATE: 11/20/57

FROM : A. ROSEN

SUBJECT: UNITED STATES VS. FRANK COSTELLO, PETIT JURY PANEL, SOUTHERN DISTRICT OF NEW YORK, APRIL 5, 1954 JURY PANEL INVESTIGATION

Tolson
Boardman
Belmont
Mohr
Nease
Parsons
Rosen
Tamm
Trotter
Clayton
Tele. Room
Holloman
Gandy

[redacted]

I called ASAC E. J. McCabe, New York, with reference to the letter dated November 15, 1957, and asked him whether the jury panel inquiry in this case included a check of income tax returns of the prospective jurors.

He stated that they did not check the income tax returns.

The Director's observation that it was his understanding we did not check income tax returns is absolutely correct.

b7C

AR-[redacted]
(5)

EX-148

57-401-7

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RECEIVED - BOARDMAN

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51 NOV 26 1957

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 72-821

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI

DATE: September 28, 1954

FROM : SAC, Miami (100-0)

SUBJECT: ALLEGED COMMUNIST ACTIVITIES AT ATLANTA, GEORGIA, FEDERAL PENITENTIARY
SECURITY MATTER - C

At the present time LAWRENCE RAYMOND BALL, who has a lengthy criminal record dating back to 1942 under FBI # 3 222 238, is incarcerated at the Dade County Jail, Miami, Florida, charged with an ITSMV violation relating to the theft of a 1947 Oldsmobile stolen in Philadelphia, Pennsylvania June 25, 1954, and recovered in his possession at Miami Beach, Florida, July 26, 1954. He claims he had permission to use this car and is in the jail in lieu of $1,000.00 bond, awaiting trial in this case.

He indicated he desired to see an Agent in connection with a security matter and on September 25, 1954, he was interviewed by an Agent of this Office. Dade County Jail personnel have commented that they believe he is a psychopathic liar.

BALL related that he was an inmate of the Atlanta Penitentiary from November, 1952 until June 8, 1954. While there he stated he became casually acquainted with EUGENE DENNIS and well acquainted with another convict who was also convicted of a Smith Act violation. He claimed he was well acquainted with this other individual but did not recall whether this person's name was PAUL GATES, JOHN GATES, PAUL YATES or JOHN YATES. (He may be referring to JOHN GATES, member of the Communist Party National Committee, now serving time on a Smith Act violation.) BALL stated that DENNIS, GATES (or YATES), a Jewish man who wears thick glasses and is in his late 40s, convicted in New York City of a Smith Act violation, and an Australian named PONGER who is serving time for espionage, are actively working as a "Communist cell" at the penitentiary.

He stated that much of their effort is concentrated on a convict named KENNETH VAN DER HEID, formerly of Washington, D. C., who conducts classes in World Affairs, Human Relations, etc. for the convicts. He said

REGISTERED MAIL

JPL:egh

cc: (2) Washington Field (RM)
(2) Atlanta (RM)
(2) New York (RM)
(2) Pittsburgh (RM)
(1) MM 100-11197
(1) MM 26-13349

— COPY — NI 22-821 — 1

INDEXED - 82
RECORDED - 82

OCT 28 1954
115

he believed that DENNIS and the other alleged members of the Communist Party either do not or can not attend the classes of VAN DER HEID.

He suspects that also under the influence of this Communist cell is a negro whose name he can not recall but who is described by Atlanta Penitentiary officials as a psychopath and who supports the Communist Party line in the classes conducted by VAN DER HEID. BALL added there was a white convict named BISHOP who also supports the Communist line and BALL pointed out that VAN DER HEID is very careful in injecting praise of Communism very casually in the course of his lectures.

BALL maintains that he had a few contacts with DENNIS who gave him several books to read on Socialism, as well as "The Bending Cross" by EUGENE DEBS and books by HOWARD FAST which BALL was quite certain came out of the penitentiary library. He stated thatDENNIS also gave him other pamphlets and publications but he could not recall the name of these; however, he stated that all espoused the Communist line.

Shortly before he left the penitentiary DENNIS told him if he was ever in Miami to look up MAURICE CARROLL at the Miami Beach Cultural Center. CARROLL is the subject of Miami file 100-11197.

He stated that his friend GATES had numerous conversations with him and since BALL felt that loyal Americans should infiltrate the Communist Party at every opportunity in order to advise the FBI of their activities, he claims he encouraged contacts from both DENNIS and GATES. GATES told him if he was ever in New York to look up ELIZABETH FLYNN who was a candidate for Congress of the U. S. and could be located through contact with the Daily Worker in New York. GATES also told him to contact WILLIAM FOSTER who was described as the editor of the Daily Worker in New York, ABRAHAM UNGER, an attorney who could be contacted through the Daily Worker or the New York telephone directory, SIDNEY STROLBERG, or Strolburg, who was described as a Communist organizer in Roosevelt, New York, CEDRIC HENNING DELFRAGE, who was supposed to be editor of the National Guardian and could be contacted through its headquarters in New York, as well as a school teacher in New York City named SYLVIA BURKE.

BALL stated he indicated to GATES that he was interested in getting into the Communist Party and was told that in New York he could contact any of the above mentioned persons in order to become accepted.

GATES told him if he was ever in Washington he might contact Mrs. CHARLOTTE ORAM whom he could reach through the telephone directory or FRANK COE, secretary of the International Monetary Fund in Washington, whom he could also reach through the telephone directory for Communist contacts there.

Director, FBI

He stated that GATES also confided in him that the Communist Party was trying to infiltrate the Moral Rearmament Program. He also confided in BALL that one ROBERT TAYLOR, a scientist, was in Moral Rearmament and his wife, NAN TAYLOR, was apparently well known to GATES although it was not clear to BALL whether NAN was a former girl friend or Communist Party contact of GATES.

BALL related that he was only out of jail from June 8 to July 26, 1954, so had no opportunity to contact any of the persons referred to by his acquaintances in the penitentiary.

He stated he was in Washington, D. C. the week of July 8 to 13 and furnished all of the above information to columnist DREW PEARSON. PEARSON accepted the information and told him he would pay him some little expense money in a few days after he had checked on the credibility of the data. BALL stated he waited around Washington and finally PEARSON contacted him and gave him some expense money, the exact amount he declined to specify.

While in Washington in July he met an individual in a bar. This person inferred that he, too, was a Communist and in the course of conversation mentioned he was acquainted with ROBERT TAYLOR whom he described as a professor at the Massachusetts Institute of Technology and an atomic energy expert, a Townsend Award winner and Rockefeller representative in Guatemala. This bar acquaintance reportedly told BALL that NAN TAYLOR is a Communist and stated that Moral Rearmament was a Communist front. This individual also related to him that the Communist Party was securing a sizeable amount of money through bootlegging activities centered around many of the sugar refineries in the United States.

During the short time BALL was out of jail, he stated, he met one Mrs. ROSEMARY CAMMACK who resides at 506 North Mildred, Charleston, West Virginia. She is the widow of ADDISON CAMMACK who, according to her, died suddenly under suspicious circumstances in October, 1953. She told BALL that her husband was a lieutenant of nationally known hoodlum FRANK COSTELLO. During his association with her she gave BALL power of attorney to represent her. BALL stated he went to see COSTELLO at the Majestic Apartments in New York City since Mrs. CAMMACK had told him COSTELLO still owed her deceased husband some money. He stated COSTELLO told him he would give him $2,000.00 if he could talk Mrs. CAMMACK out of testifying against him in some forthcoming hearing. BALL stated he did not know whether it was a hearing in connection with COSTELLO's income tax trouble, his immigration difficulties or some other matter. He emphasized that COSTELLO told him no force or threats were to be used but if he could persuade Mrs. CAMMACK not to appear against him he would turn over $2,000 to him.

BALL stated he returned from New York and contacted Mrs. CAMMACK who related the shabby treatment COSTELLO had given her husband, the suspicious circumstances under which he suddenly died, as well as the shabby treatment he had accorded her. BALL stated he then went back to New York and saw COSTELLO and his attorney named WOLF and advised them he would encourage Mrs. CAMMACK to appear before any hearing in order that COSTELLO would be properly prosecuted. He claims COSTELLO and WOLF told him he had better leave New York City immediately unless some harm befall him.

He stated he recently received letters from Mrs. CAMMACK in which she related threats had been made on her life.

The above data is being furnished the Bureau and auxiliary offices for information purposes and for any action deemed advisable. The Pittsburgh Office is requested to interview Mrs. ROSEMARY CAMMACK, 506 North Mildred, Charleston, West Virginia, in order to determine whether the threats made against her constitute an Obstruction of Justice matter.

OCTOBER 11, 1954 AIRTEL

SEN 41 RECORDED 72-821-7 SAC, PITTSBURGH MAIL

INDEXED 82 FRANK COSTELLO, DOJ. RE MIAMI LETTER 9/28/54 ENTITLED "ALLEGED

[redacted]

NOTE: Miami letter 9/28/54 reported that Lawrence Raymond Ball, inmate of Dade County Jail, Miami, who is described by [redacted] furnished [redacted] also alleged that Mrs. [redacted] [redacted] Costello [redacted] Costello [redacted] Costello [redacted]

Director
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room

MAILED OCT 11 1954 COMM-FBI

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58 NOV 4 1954

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: November 1, 1954

FROM : SAC, PITTSBURGH (72-28)

SUBJECT: FRANK COSTELLO

[redacted]

Mrs. ADDISON ROSEMARY CAMMACK, aka, Mrs. VICKIAS FLETCHER PALMER, [redacted] nee BALDISH, 517 North Mildred Street, advised that she has been a chronic alcoholic for the past ten years, has attempted to gain help from the Alcoholics Anonymous with little success, and because of her condition, her memory is very poor. She advised that she has trouble recalling dates, places, and names since she continues to be an alcoholic. She stated that she goes off on binges regularly and the last one was five weeks ago.

She stated that she married ADDISON CAMMACK, a race horse owner and supplier figure in the racing field in the eastern track areas, on April 20, 1936, and had two children by this marriage, ADDISON, Jr., and HUETTE. She advised that she divorced CAMMACK at Charles Town in December, 1950. She stated that prior to her divorce in 1949 she obtained information that CAMMACK had hired the William J. Burns International Detective Agency, New York, New York, to investigate FRANK COSTELLO of New York City, but that her husband never furnished her any information about this matter. She stated that she received a statement which had been inadvertently sent to her instead of her husband by the Burns Agency relative to a refund. She stated that she knew of no connection between her late husband and FRANK COSTELLO except that incident. She stated that she was at that time confined at the University Hospital, Baltimore, Maryland, recuperating from a binge.

She stated that her former husband died on October 18, 1953, at the Charles Town General Hospital from a cerebral hemorrage and high blood pressure. She stated that he died a natural death and [illegible] She stated that [illegible] CAMMACK [illegible] that he had changed [illegible] operations and [illegible] immediately contacted [illegible] will when [illegible] having difficulty in retaining a qualified lawyer to handle the matter.

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INDEXED-99
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EX-110

WJK:Ear

cc: Miami (100-0-)(Info)

1 NOV 15 1954

clip attached

She informed that her husband, who owned numerous race horses at one time or another, often raced horses under her (MRS. CAMMACK) [illegible] the names [illegible] under her name [illegible] that she was having difficulty in [illegible] of these horses, which number about eight, and since her husband reportedly knew COSTELLO and [illegible] him at one time, believed it possible that COSTELLO had these horses.

She stated that in June, 1954, she was living at the [illegible] Hotel, [illegible] 16th Street, N.W., Washington, D. C., and one day in the latter part of the month, she met LAWRENCE RAYMOND BALL at the Alcoholics Anonymous Group, Central Group, Washington, D. C., and talked to him at great length. She informed that BALL told her he was from around Philadelphia, Pa., was an investigator, spent considerable time among the AA's attempting to assist and rehabilitate them, worked on some investigating staff, name unknown, is a writer, and most recently a barber in Atlanta, Georgia. She stated that BALL further commented that he had gone to great lengths recently to be able to be committed to prison to get material for a book first-hand and had been very successful.

She stated that after meeting BALL on several other occasions, she confided in him and told him all of her personal problems and he wanted to assist her.

She stated that BALL told her he would take care of everything and do what ever he could for her.

She stated that on about the first day of July, 1954, she started on another binge which took her to New York and that when she started to regain her senses, she found herself confined at the Emergency Hospital at Washington, D. C., supposedly suffering from a heart attack. She recalled she had been admitted to the hospital on about July 6, 1954. She stated that during her confinement BALL visited her and told her he had been to New York City and learned COSTELLO had horses which should be hers. She [illegible] what [illegible] however [illegible] stated [illegible] she was released from the hospital on about July [illegible], 1954, [illegible] which time BALL drove her [illegible] automobile [illegible] She stated that BALL mentioned that he was going to handle the matter for her, make COSTELLO pay her accordingly, and that he would go and see DREW PEARSON and his

[illegible] stated that [illegible] BALL's request she gave [illegible] power of attorney and BALL departed to basis here. She stated that she went on a [illegible] binge and lost her copy of the power of attorney.

She informed that she did not hear anything more from BALL until in August or September, 1954, when BALL wrote her from Miami, Florida, requesting $300 to assist him as he had been unjustly accused of an offense. She stated that since that time BALL has been writing her constantly, telling her of the progress he has been making in the matter; that he would obtain everything due her, and at her request, he relinquished the power of attorney. She stated that BALL mentioned matrimony and exhibited a letter from BALL dated October 22, 1954, Box 3038, Miami, Florida, in which BALL mentioned he had told an agent of the FBI everything, and that she should get in touch with DREW PEARSON or Mr. ABEL regarding her circumstances.

She stated that she personally does not know why she should contact PEARSON other than to obtain a name of a competent attorney to defend her rights.

She stated that she does not know FRANK COSTELLO, knows nothing about his background except what she has read in papers, has never been approached about being a witness against COSTELLO nor has COSTELLO or anybody contacted her about any matter whatsoever. She stated that some years ago she was questioned by agents of the Internal Revenue about CARNACK's holdings at which time she mentioned she thought her husband might be affiliated with COSTELLO but had no grounds for this statement.

She stated that apparently BALL has made up accusations about talking to COSTELLO which he had mentioned in letters to impress her, but that she does not believe BALL ever talked to COSTELLO or any of his men. She stated that she believes BALL might be trying to impress her with tales of [illegible] in an effort to [illegible] money [illegible] he is [illegible] to beat her ex-husband's [illegible]

She stated that she was [illegible] and that BALL has gone to [illegible] all of her troubles and may have misled him.

She further commented that all of her papers in regards to power of attorney, hospital bills, which would show the exact date of he

confinement at Emergency Hospital, Washington, D. C., since she is [illegible] positively that it was in June or July, but believes July, 1954, [illegible] and letters from BALL are in the hands of Dr. OSCAR B. FRY who, [illegible] however, she stated [illegible] she advised, is attempting to assist her. [illegible] she believes Dr. FRY is attempting to figure out a way to [illegible] weather his debt."

Mrs. CAMMACK was not requested to obtain these papers because Dr. FRY bears a poor reputation in Charles Town in regard to his ethics and conduct and he might wonder why this Bureau was taking an interest in this matter.

Captain E. W. DAY, Charles Town Police Department, who was contacted relative to the present address of Mrs. CAMMACK, voluntarily advised that Mrs. CAMMACK is an alcoholic, unreliable, and that it has been rumored in the vicinity that she is mentally incompetent.

The following description was obtained from observation and interview:

Name	Mrs. ADDISON (ROSEMARY) CAMMACK, nee DALGLISH, aka. Mrs. NICKLAS FLETCHER FALMER, II
Race	White
Sex	Female
Date of birth	1-26-08
Place of birth	London, England
Naturalized	1939, Goshen, N. Y.
Height	5' 7"
Weight	145 lbs.
Hair	Brown
Eyes	Blue
Build	Medium
Scars and marks	Birth mark left forehead
Accent	Broken
Residences	Resided in America since 1933; presently residing 517 N. Mildred Street, Charlestown, W. Va.
Former Marriage	NICKLAS FLETCHER FALMER, II, [illegible] 1934 to 1935, divorced Reno, [illegible]

No further action is being taken and this case is being placed in a closed status.

4-22

FEDERAL BUREAU OF INVESTIGATION
RECORDS SECTION

10/11, 1954

- [ ] Name Check Unit-Room 6523
- [ ] Attention Gordon
- [ ] Service Unit-Room 6524
- [ ] Forward to File Review
- [ ] Return to Janicke Ext. 2151
  Supervisor
  Room 4728

- [ ] All References
- [ ] Subversive References
- [x] Main References Only
- [ ] Main _____ References Only
- [ ] Restrict to Locality of _____
- [ ] Breakdown [ ] Buildup [ ] Variations
- [ ] Exact Name Only
- [ ] Exact Spelling
- [ ] Check for Alphabetical Loyalty Form

SUBJECT Rosemary Cammack
Address
Localities
Birthdate & Place

R# _____ Date 10/11 Searcher Initial Eqd.

FILE NUMBER	SERIAL
I	62-98176 (see over)
I	87-22839 (see over)

Rosemary Cammack of Lexington, Va., appeared at Bureau 9/24/52. Said former husband, address Cammack, P.O. Box 13, Charleston, W. Va., rented a safe deposit box in 1950 at Manhattan Storage Warehouse Co, N.Y.C. & permitted Hans Castiels to use box. Info sent Commissioner, Bureau of Internal Revenue by memo 9/30/52. Also said was former dollar a year employee for Army Intelligence in China. Info sent G-2 by memo 9/30. Also said owed State Dept money advanced her to return to U.S. from Sydney, Australia in 1953. Info sent Chief, Security Div., State Dept by memo 9/30/52. Info from State Dept 10/6/52 reflects Cammack claimed she gave testimony against Castiels to Treasury Dept (62-98176)

Alleged fraud by Rosemary Cammack 1509-16th St. N.W. Wash. D.C. in attempted sale of rights under grandmother's will to property in Australia. No investigation (87-22839)

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 107-1514

STANDARD FORM NO. 64

1 Rosen

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. D. M. LADD

DATE: October 8, 1952

FROM : A. H. BELMONT

SUBJECT: FRANK COSTELLO

Mr. Mitchell Solomon of the Immigration and Naturalization Service (INS) personally contacted Superintendent John E. Foley to advise that he has been detailed from the local office of INS in New York City to the central office of INS in Washington, D. C., to investigate the case of Frank Costello with a view toward his denaturalization. Mr. Solomon pointed out that during the course of his investigation he had obtained information reflecting that Frank Costello and William V. Dwyer were indicted in 1925 or 1926 for violation of the Alcohol Beverage Control Law together with other individuals. It appears that Frank Alden Goss and Harry C. Sausser were also involved with Costello and Dwyer. With respect to this indictment, Mr. Solomon stated that he was unable to obtain any information. He advised that the files of the United States Attorney in New York City relating to this indictment have disappeared. Moreover, he has been advised by the Alcohol Tax Unit of the Internal Revenue Department that all its files were turned over to the Attorney General, in particular to Mr. Bruce Bilaski who was then a Special Assistant to the Attorney General. Mr. Solomon advised that he interviewed Mr. Bilaski with respect to the indictment, and was told that the records relating thereto had been shipped to General Andrews, then Commissioner of Internal Revenue.

Mr. Solomon identified the afore-mentioned William V. Dwyer as a Prohibition racketeer in New York City who died in 1946. He also identified the afore-mentioned Frank Alden Goss and Harry C. Sausser as two smalltime racketeers who somehow were connected with Frank Costello. The latter two were the witnesses to Frank Costello's naturalization petition. Therefore, if INS can prove the incompetency of these two individuals to act as witnesses, INS can denaturalize Costello. Mr. Solomon hoped to prove the incompetency of these two individuals by connecting them with a criminal arrest record. He wished, therefore, any information which might be in the Bureau's possession bearing upon the indictment obtained against Frank Costello in 1925 or 1926. He further desired a check of the Bureau records for any information in the Bureau's possession on Frank Alden Goss and Harry C. Sausser including a criminal record. Mr. Solomon was unable to furnish any background data concerning these two individuals.

JEFo/fjb

RECORDED - 124

INDEXED - 39

107-1514-1

66 NOV 10 1952

OCT 22 1952

13

MEMO BELMONT TO LADD WITH 2 BLANK MEMOS AND ATTACHMENTS FOR INS 10/13/52 JEFo/fjb

In addition, Mr. Solomon desired a picture of Frank Costello which he believed to have been taken in 1935 growing out of his arrest in New York City in connection with the Noel Scaffa jewel robbery. In this connection Mr. Solomon believed that this Bureau had participated in the investigation and had interviewed Costello. He was also desirous of obtaining a copy of the signed statement taken by the Bureau from Costello at that time and presumed to be dated May 31, 1935.

Mr. Solomon explained that he is trying to determine Costello's activities between 1919 and 1933 when the Prohibition Act was repealed. Mr. Solomon stated that this period of Costello's life appears to be a rather closed chapter inasmuch as it is dismissed with general statements to the effect that he has been engaged in gambling and in bootlegging. Mr. Solomon is looking for more specific information covering this period in Costello's life in order to prove his immoral character at the time of his naturalization in 1925.

ACTION:

The Correlation-Liaison Section is handling the name check request on Frank Alden Goss and Harry C. Sausser together with the request for a criminal record on these individuals. In addition, the Correlation-Liaison Section is handling the request relating to information on the indictment of Costello in 1925 or 1926 together with the request for the photograph and signed statement.

RECOMMENDATION:

None. This is for information purposes.

Give prompt attention.

1 - Mr. Rosen

MR. D. M. LADD   October 8, 1952

A. H. BELMONT

[illegible]

[illegible] been advised by the Alcohol Tax Unit of the Internal Revenue Department that all its files were turned over to the Attorney General, in particular to Mr. Bruce Bielaski who was then a Special [illegible]

[illegible] a criminal record. Mr. [illegible] was unable to furnish any background data concerning these two individuals.

JHTo/fjb

Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Laughlin
Mohr
Tele. Rm.
Holloman
Gandy

[illegible] 1954 RE: FRANK COSTELLO

[illegible] Mr. Solomon [illegible] a picture of Frank Costello [illegible] taken in 1925 [illegible] in connection with the [illegible] robbery. In this connection Mr. Solomon [illegible] participated in the investigation [illegible] Costello. He was also desirous of obtaining [illegible] statement taken by the Bureau from Costello [illegible] 1925.

Mr. Solomon explained that he is trying to determine [illegible] between 1919 and [illegible], when the prohibition [illegible]. Mr. Solomon stated that this period of Costello's life [illegible] chapter inasmuch as it is [illegible] general statements to the effect that he has been [illegible] and in bootlegging. Mr. Solomon is looking for more specific information concerning this period in Costello's life in order to prove his immoral character at the time of his naturalization in 1925.

ACTION:

The Correlation-Liaison Section is handling the name [illegible] Frank Alden [illegible] and Harry [illegible] together with [illegible] for a criminal record of these individuals. In addition, the Correlation-Liaison Section is handling the [illegible] information on the indictment of Costello [illegible] together with the request for the photograph [illegible] statement.

RECOMMENDATION:

[illegible] for information purposes.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. D. M. LADD

DATE: October 13, 1952

FROM : A. H. BELMONT

SUBJECT: FRANK COSTELLO

PURPOSE:

To submit for approval the attached memoranda transmitting in reply to requests from the Immigration and Naturalization Service (INS), (1) a photograph of Frank Costello taken on May 31, 1935, and (2) the substance of a statement taken from him on May 31, 1935, in the Noel Charles Scaffa Jewel Case together with other miscellaneous information on Frank Costello covering his activities to 1944, and the results of Bureau record checks on Frank Alden Goss and Harry C. Sauser, witnesses to Costello's petition for naturalization.

BACKGROUND:

As I pointed out to you in my memorandum of October 8, 1952, Mr. Mitchell Solomon of INS advised his Service is attempting to denaturalize Frank Costello. For the purposes of his investigati he desired a photograph of Frank Costello and the statement taken at the time of his arrest in connection with the Noel Charles Scaffa Jewel Case, and any information relating to Costello's activities from 1919 to 1933. He also desired a security check and an Identification Division check on Frank Alden Goss and Harry C. Sauss witnesses to Costello's petition for naturalization. Mr. Solomon stated that if the incompetency of the witnesses can be established Costello could be denaturalized.

DETAILS:

On May 31, 1935, Frank Costello surrendered himself to the local United States Attorney in New York City to answer a complaint charging him with conspiracy to transport stolen property in interstate commerce in violation of the National Stolen Property Act which grew out of the Noel Charles Scaffa Jewel Robbery Case. As you will recall, this was a robbery of jewels valued at a quarter of a million dollars on January 16, 1935, in Miami, Florida, from Mrs. Margaret Hawksworth Bell in the presence of Mr. Harry Content, a New York broker. At the time he surrendered himself, Frank Costel

Attachments

JEFo/fjb

107-1514-2

RECORDED - 124

OCT 22 1952

63 NOV 7 1952

was taken into custody and photographed. He was thereupon interrogated by Special Agent J. E. Leigh (deceased) and Mr. [illegible] by then Local United States Attorney in New York City. Costello's statement was taken in question-and-answer form by stenographer A. [illegible] of the United States Attorney's office. It appears, from a review of the records of this Bureau, that the statement was retained by the then Local United States Attorney. However, the substance of the question-and-answer statement is set out in the report of Special Agent Johnson, Leigh dated June 12, 1936, at New York City in the case entitled "Paul Phillips Moffa, et al; National Stolen Property Act - Conspiracy - Perjury." The photograph of Frank Costello taken on May 21, 1936, a later photograph taken on August 28, 1942, and the aforementioned report are being furnished to INS if you approve. In addition, since Mr. Nelson evidenced an interest in Costello's activities dating from 1919 there is transmitted herewith a report by Special Agent August J. Stock dated October 28, 1944, at New York City containing miscellaneous information relating to Frank Costello.

A review of the records of this Bureau failed to disclose any information relating to Frank Alden Goss and Harry C. Sausser except for a reference to the Kefauver Report for New York and New Jersey dated June 11, 1950, et seq. To this report INS has been referred.

A check of the records of the Identification Division of this Bureau including the "dead" files failed to disclose any record of Harry E. Sausser or Frank Alden Goss although it did disclose several possibilities by variations in the name of Frank A. Goss which could not be identified with the person inquired about because of lack of identifying data.

RECOMMENDATION:

If you approve, the enclosed memorandum will be transmitted to the Commissioner of INS, Washington, D. C.

MR. D. M. LADD

October 18, 1951

A. H. BELMONT

[illegible]

[illegible]

[illegible]

From a review of the records of this Bureau it appears that the original question-and-answer statement was retained by [illegible] in the [illegible] file. In view [illegible] of the [illegible] the original [illegible]

[illegible]

[illegible]

[illegible]

use only and is not to be distributed outside of your agency. This is the result of a request for an FBI file check only and is not to be considered as a clearance or nonclearance of the individual.

[illegible]

[illegible]

[illegible]

[illegible] statements made by the prisoner [illegible] Department in New York City at the time he surrendered himself to the local United States Attorney in New York City, Mr. F.T.B. [illegible] complaint in the Dual Staff Jewel Robbery [illegible] violation of the National Stolen [illegible]

[illegible]

Attachment

Dept. of Justice
Oct 15 [illegible]

RECORDED - 125

107-1514-3

ORIGINAL TO Commissioner of INS
Attention: Mitchell Solomon

OCT 22 1952

J. E. Foley/fjb

INDEXED - 125

63 OCT 30 1952

was taken into custody and photographed. He was thereupon interviewed by Special Agent J. M. Keith (deceased) and Mr. F. W. H. Adams the then local United States Attorney in New York City. Costello's statement was taken in question-and-answer form by stenographer A. B. Casarnoff of the United States Attorney's Office. It appears, from a review of the records of this Bureau, that the statement was retained by the then local United States Attorney. However, the substance of the question-and-answer statement is set out in the report of Special Agent John M. Keith dated June 12, 1935, at New York City in the case entitled "Noel Charles Scaffa, et al; National Stolen Property Act - Conspiracy - Perjury." The photograph of Frank Costello taken on May 31, 1935, a later photograph taken on August 22, 1952, and the afore-mentioned report are being forwarded to INS if you approve. In addition, since Mr. Solomon evidenced an interest in Costello's activities dating from 1919 there is transmitted herewith a report by Special Agent August J. Micek dated October 26, 1944, at New York City containing miscellaneous information relating to Frank Costello.

A review of the records of this Bureau failed to disclose any information relating to Frank Alden Goss and Harry C. Sausser except for a reference to the Kefauver Report for New York and New Jersey dated June 11, 1950, et seq. To this report INS has been referred.

A check of the records of the Identification Division of this Bureau including the "dead" files failed to disclose any record of Harry C. Sausser or Frank Alden Goss although it did disclose several possibilities to variations in the name of Frank A. Goss which could not be identified with the person inquired about because of lack of identifying data.

RECOMMENDATION:

If you approve, the attached memoranda will be transmitted to the Commissioner of INS, Washington, D. C. by hand

10/16/52 Handled Ltr

10/16/52 delivered to J. Brennan, Jud-Pro

✓ g

NT

OK.

H

FOR IMMEDIATE RELEASE
Monday, September 8, 1952

DEPARTMENT OF JUSTICE

Attorney General James P. McGranery announced today that he is ordering denaturalization proceedings instituted against Frank Costello of New York.

The proceedings will be based on charges that he made false statements in connection with his naturalization application.

Born in Italy in 1891, he was naturalized in 1925. He presently is serving an 18-month sentence in the Lewisburg (Pa.) Federal Penitentiary on charges of contempt of Congress.

In commenting on the decision to take action, Mr. McGranery said:

"Intensive investigation conducted by the Immigration and Naturalization Service revealed that when Costello applied for naturalization in 1925, he failed to disclose his prior criminal record.

"I feel strongly that this man's citizenship should be revoked and I am ordering immediate steps by the Department of Justice to achieve this.

"I believe that it is incumbent upon me to prosecute matters of this type involving unsavory characters."

Costello failed to disclose in seeking naturalization that, under the alias Frank Saverio, he was convicted in New York March 12, 1915, on a charge of carrying a concealed weapon, and that he was sentenced to one year's imprisonment.

Simultaneously, the Attorney General said:

"Let no one make the mistake of thinking that the decision to dispense with the so-called 'special racket grand juries' means any relaxation of our program. The grand jury will be used in its most effective manner with

a dignity worthy of its powerful position in our American way of life. Investigations will be thorough. Criminals will be prosecuted vigorously. The emphasis will be on doing things in the truly American way under law.

"An effectively functioning grand jury needs no special name or calling. It can be summoned into existence most readily when a need is shown for it, and the usual regular terms of court in the various districts of the United States are quite capable of taking care of any situation having to do with violation of our Federal laws."

REPORT
of the

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON D. C.

107-15144

To: Mr. R. P. Farrell
Assistant Superintendent
Laboratory and Identification Division
Attention: Mr. Peter Pruno
Identification Section

February 9, 1953

RECORDED

The evidence described below was personally delivered to the Laboratory on February 6, 1953, by a representative of your office.

John Edgar Hoover, Director

FRANK COSTELLO
Cancellation of Citizenship

Your File No.
FBI File No. 107-15144
Lab. No. B-161698 AX

Examination requested by: Addressee

Reference: Memo

Evidence received: December

Specimens:

Qe1 Photograph of a portion of a Petition for Citizenship of FRANK COSTELLO bearing the signatures of FRANK X. GOSS and HARRY C. HAUSER as witnesses.

RESULTS OF EXAMINATION:

A definite conclusion could not be reached whether the GOSS and HAUSER signatures were written by the same persons because these two signatures do not contain a sufficient number of comparable letters and letter combinations for an adequate comparison. It is important that, if possible, known genuine signatures of GOSS and HAUSER written during 1926, be obtained if deemed worthy of the effort by the signatures [illegible]

[illegible]

RETURNED WITHOUT [illegible]

Laughlin
Mohr
Winterrowd
Tele. Rm.
Holloman
Gandy

JCC:jsb

497378

COMM — FBI
FEB 10 1953

Stamps MAILED 30

IN error

68 FEB 20 1953

FEB 1 9

EVIDENCE RECEIPT FORM

(To be used in lieu of correspondence covering evidence submissions to the Laboratory)

Submitting agency Immigration & Naturalization Service, Wash. D.C. 3-1

Delivered by Mitchell S. Solomon 161628

Suspect Frank Costello Date 2/6/53

Victim Cancellation of Citizenship Accepted by Bowles

Offense Lab #

Place and date

BRIEF FACTS COVERING CASE:

INS requests examination to determine whether signatures Frank A. Goss and Harry C. Sausser were written by same person. Goss is dead. Sausser alleged to be dead. Original document is in court records in New York and can't be obtained.

Any previous examinations this case? No Evidence now located in Room #

Report to be directed to R.F. Farrell, Assistant Commissioner, INS, Wash. 25 D.C. attention James Greene Investigations Section

Copies to

Evidence to be returned to same

Date of hearing, grand jury, trial or reason why expeditious handling is necessary

Expedite - important case

ENCL. ATTACHED

Evid. returned in lab

ENCL.

Photo

EVIDENCE

Petition for Citizenship of Frank Costello portion bearing signatures of Frank A. Goss and Harry C. Sausser, witnesses.

Lab. Rpt. 2-9-53

RECORDED 107

INDEXED 108

THIS SPACE FOR BLOCKING

107-1574-4

FEB 16 1953

INDEXED FILED

cc: 38

(over)

D161628

T Gadigan

2/6/53

QC, Sigs not comparable

Frank A Gross

Harry Saussen

TG

[illegible] sworn, deposes and says that he is a citizen of the United States of America; that he has resided [illegible] the petitioner above mentioned, to have resided in the United States [illegible] petition, since the 1 day of January, anno Domini 1920, and in the State in [illegible] the 1 day of January, anno Domini 1920 and that by his personal [illegible] character, attached to the principles of the Constitution of the United States, and that the petitioner is in every way [illegible] United States.

Frank [illegible]

Harry [illegible] [Seal.]

[illegible] above-named petitioner and witnesses [illegible] Clerk of said Court at New York, N. Y., [illegible] day [illegible], anno Domini 19[illegible]

[illegible]

[illegible] Clerk of the District Court of the United States.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Ladd

DATE: October 14, 1953

FROM : Mr. Rosen

SUBJECT: FRANK COSTELLO
INFORMATION CONCERNING

The New York Office has advised that Chief Assistant U. S. Attorney Lloyd McMahon of the Southern District of New York while conversing with SAC Boardman on September 25, 1953, on another matter, requested information on Frank Costello in connection with an income tax case which McMahon is preparing against Costello.

The New York Office prepared a summary of the voluminous information available on Costello. Pursuant to instructions, it was submitted to the Bureau and received October 7, 1953, for review. The New York Office subsequently advised by airtel of October 10, 1953, that the summary was being revised and a copy of the revised version would be submitted to the Bureau. New York has recommended that approval be given for furnishing a copy of this summary to the United States Attorney's Office.

The revised summary of 22 pages, which was received yesterday, has been reviewed, and it is noted that it reflects data concerning Costello's background, gambling and bootlegging activities, and financial transactions. This information was derived principally from public sources such as the published hearings of the Kefauver Committee and newspaper reports. It also contains information obtained from confidential informants and sources. The identity of these confidential sources has been protected.

There appears to be no objection to furnishing this information to the U. S. Attorney, however, it is suggested that the summary be date and placed on Bureau letterhead and that it be rephrased in some instances to further protect our confidential sources and informants and to delete any reference to confidential informants of "good reliability" or other phrases denoting an evaluation of information. It is also believed that a prefatory statement should be inserted indicating that the information has not been verified or corroborated by investigation.

RECOMMENDATION:

RECORDED-102 107-1514-5

If you approve, there is attached a letter authorizing the New York Office to furnish a copy of the summary to the U. S. Attorney and suggesting appropriate changes to be made before it is transmitted to him.

Attachment
JGL:mjl

357

OCT 20 1953

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. A. Rosen

DATE: February 3, 1954

FROM : L. N. Conroy

SUBJECT: THE ATTORNEY GENERAL'S DENATURALIZATION AND DEPORTATION PROGRAM
FRANK COSTELLO

Tolson
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Mohr
Tele. Rm.
Holloman
Sizoo
Mins Gan

SYNOPSIS:

Incidental to attendance at conferences in connection with the above program the FBI representative was advised that Assistant Attorney General Olney by letter of 1-13-54 instructed U. S. Attorney Lumbard, Southern District of New York (SDNY), to proceed in the immediate future with the denaturalization case against Frank Costello, lest the witnesses die of old age, precluding further action by the Government to denaturalize him. Lumbard is said to have ignored instructions and is proceeding with prosecution of a tax evasion case against Costello, on basis that the denaturalization case does not merit preference. Reportedly the denaturalization case is assigned to a "green" attorney in SDNY. Plan submitted to Attorney General Brownell for special judge and special prosecutor to hear and try about fifteen cases on Attorney General's Program with venue in New York City, but he has taken no action on the plan. Lumbard said to be borrowing investigators from various Government agencies to work directly out of his office so as to build up his own investigative staff which would be responsive to his desires. The efficiency of the Department is said to be hampered by inexperience, indecisiveness, jealousy and friction.

RECOMMENDATION:

None. This is for information purposes.

JEF: jm

53 FEB 19 1954

8492

EX-110

RECORDED - 31 107-1514-6

FEB 8 1954

29

DETAILS:

Incidental to attendance at conferences in connection with the above program, S. A. John E. Foley, FBI representative, was furnished the information set forth below which is believed to be of interest to the Bureau.

Mr. Charles McNelis of the Criminal Division of the Department of Justice on January 25, 1954, reported in connection with Frank Costello, who is listed on the Attorney General's Denaturalization and Deportation Program, that Mr. Olney, Assistant Attorney General, requested him to instruct United States Attorney Lumbard, Southern District of New York (SDNY), to take immediate action on the case to denaturalize Frank Costello. Mr. McNelis advised he so instructed Lumbard by letter of January 13, 1954.

As you will recall, at a regular conference held on January 11, 1954, in connection with the Attorney General's Denaturalization and Deportation Program, Mr. T. J. Donegan, Special Assistant, advised that Mr. Lumbard had arbitrarily decided to proceed first with the income tax evasion case against Frank Costello and to allow the denaturalization case to take its normal place on the court calendar which would mean that the latter case would not be reached before 1955 or 1956. In this event, as Mr. Donegan pointed out, the witnesses in the denaturalization case are seventy and over and would probably die before the case could be reached and the Government would be precluded from taking further action to denaturalize Costello.

Mr. McNelis stated that since his letter of January 13, 1954, he met Mr. McMahon, First Assistant to the U. S. Attorney for the Southern District of New York, while Mr. McMahon was recently in Washington, D. C. Mr. McNelis inquired of Mr. McMahon whether or not the letter of January 13, 1954, had been received and Mr. McMahon replied that it had. Whereupon Mr. McNelis asked Mr. McMahon what action the U. S. Attorney's office intended to take in the case, and Mr. McMahon then replied that the U. S. Attorney's office did not think the Frank Costello denaturalization case to be of such importance as to merit a preference on the court calendar.

Mr. McNelis then stated he tried to contact Mr. Olney to ask him whether or not he, in view of Mr. McMahon's visit to Washington, D. C., desired to discuss the Frank Costello denaturalization case. Mr. Olney, according to Mr. McNelis, flatly said: "No!" Mr. McNelis indicated that possibly Olney did not wish to now proceed with the denaturalization case against the wishes of Lumbard.

Mr. Raymond F. Farrell, Assistant Commissioner, Immigration and Naturalization Service (INS) telephonically advised Supervisor John E. Foley on January 28, 1954, in connection with the above

individual, that Assistant United States Attorney O'Hara has been given the Frank Costello denaturalization case to handle but apparently does not know what to do with it. Mr. Farrell said he has been in contact with Mr. O'Hara who admitted that this particular case was assigned to him by Mr. McMahon, First Assistant to Mr. Lumbard, and he is normally wary of "Greeks bearing gifts." Mr. Farrell further stated that Mr. O'Hara intimated he would request the FBI to conduct other investigation in the matter. Mr. Farrell added that this should not be construed as a request for the FBI to conduct investigation but as an indication of Mr. O'Hara's "greenness" inasmuch as the matter is one within the primary jurisdiction of INS and inasmuch as INS for over one year has conducted an extensive and detailed investigation in its efforts to denaturalize Costello. He also felt that Mr. O'Hara's intimation further confirmed a reported attempt on the part of Mr. Lumbard to build up an office force of investigators who will do his bidding much in the fashion of a District Attorney and his staff. Mr. Lumbard, according to Mr. Farrell, has succeeded in getting investigators from the Treasury Department assigned to his office to perform investigations, at his request, of narcotic violators and has also succeeded in getting two INS investigators. Mr. Farrell added that by this means he is building up his own investigative staff which would be responsive to his desires.

Mr. McNelis further reported on January 25, 1954, that a plan has been presented to Mr. Brownell for the appointment of a special judge and a special prosecutor to hear and to try the fifteen cases or so on the program which have their venue in New York City, but Mr. Brownell has not taken action on the plan. It is anticipated, according to Mr. McNelis, that Mr. Lumbard will oppose such a move considering it an infringment on his jurisdiction. Mr. McNelis apart from the conference advised Supervisor Foley that there is friction within the Department, apparently growing out of jealousy and attempts to curry favor plus inexperience and indecisiveness. As a result of which, said Mr. McNelis, the left hand does not know what the right hand is doing, and the efficiency of the Department is thus impared.

In this last mentioned connection Mr. Donegan at the regular conference held in connection with the Attorney General's Denaturalization and Deportation Program on January 11, 1954, pointing to the Southern District of New York, hinted at the discord when he remarked that "we cannot expect cooperation from the courts when we cannot set our own machinery in motion."

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Tolson -
Ladd —
Nichols
Belmont
Clegg —
Glavin —
Harbo —
Rosen —
Tracy —
Gearty -
Mohr —
Winterro
Tele. R
Holloma
Sizoo —
Winter

TO : MR. PRICE

DATE: 3/29/54

FROM : E. H. WINTERROWD

SUBJECT: FRANK COSTELLO
DEPORTATION PROCEEDINGS
INCOME TAX MATTER

This is to record the fact that on the afternoon of March 18, 1954, David Luce, Extension 454 of the Tax Division, called stating that he was in possession of a copy of a letter from the U. S. Attorney, Southern District of New York, directed to the FBI, attention Identification Division, wherein a request was made for any possible criminal record relating to witnesses in the forthcoming income tax trial involving Costello to be held April 5, 1954.

Mr. Luce stated he was most interested that any records be forwarded to the U. S. Attorney's Office, SD of New York, as soon aspossible.

After taking this matter up with Mr. C. A. Harris of the Identification Division, I determined that the requested information was directed to the U. S. Attorney's Office by letter dated March 19, 1954.

On Monday, March 22, 1954, I telephonically advised Mr. Luce of this fact.

This is submitted for record purposes.

EHW/rh

RECORDED - 71

107-1574-7

MAR 31 1954

EX-125

58 APR 5 1954

Copy: sec

Mr. A. Rosen

March 16, 1954

L. M. Conroy

ATTORNEY GENERAL'S
DENATURALIZATION AND DEPORTATION PROGRAM

Supervisor John E. Foley attended a regular conference on March 8, 1954, in Room 1320 of the Department of Justice in connection with this program. Others present were Messrs. T. J. Donegan, M. J. Horan, Charles McNelis and Rufus D. McLean of the Department; Raymond F. Farrell, James F. Greene and Mario T. Noto of the Immigration and Naturalization Service (INS)

Mr. Noto advised that when he was in New York City on business for his Service he spoke with United States Attorney (USA) Lumbard, Southern District of New York (SDNY). Mr. Lumbard referred to the Frank Costello denaturalization suit and indicated that his office intends to request the FBI to conduct further investigation of Frank Costello. As previously indicated INS conducted an extensive investigation for over one year with a view toward denaturalizating Frank Costello. The results of this investigation have been furnished to Mr. Lumbard but according to Mr. Noto his office still intends to request the FBI to conduct further investigations. As also previously indicated, USA Lumbard appears to be building a staff of investigators in his own office who will follow his wishes and has acquired the investigative services of representatives of INS. In addition, he has on his staff young law clerks who not only, said Mr. Noto, look up the law, but actually conduct investigations for Mr. Lumbard.

Mr. Horan scored the policy of Mr. Leo Rover, USA in the District of Columbia, in making stipulations for the Government with attorneys, particularly those representing racketeers, restraining the U.S. Government from action. According to Mr. Horan this policy springs from the filing of a Writ of Habeas Corpus in deportation proceedings. Mr. Horan felt that any attempt to restrain the Government from taking action rests within the prerogatives of the court and the Government should not be restrained by stipulation. Mr. McNelis advised he would attempt to convey Mr. Horan's feelings in the matter to Mr. Rover.

Mr. Donegan inquired of INS whether it could augment the list of racketeers with the names of individuals who might not be of national interest but might be of local interest. Mr. Farrell indicated that his Service would review the list previously furnished by the FBI for more names.

The next meeting will be held on March 22 at 2 P.M. in Room 1320 of the Department of Justice.

1. What facts do we have re Lumbard's law clerks conduct invs?
2. We are not going to take up Costello's case since INS has handled it. H.

JEF:bg

R39

NOT RECORDED
80 MAR 29 1954

50 MAR 31 1954

RECOMMENDATION:

This memorandum be routed to Mr. Price for his information.

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

APR 8 1954

TELETYPE

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Glavin
Mr. Harbo
Mr. Rosen
Mr. Tamm
Mr. Tracy
Mr. Mohr
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

WASH 39 FROM NEW YORK 5 10-44 P

DIRECTOR URGENT

FRANK COSTELLO, INTERNAL REVENUE MATTER. REMYTEL FOUR SIX FIFTYFOUR REFERRING TO LETTER DATED APRIL FIVE FIFTYFOUR WHEREIN LLOYD F. MAC MAHON CHIEF ASST. USA, SDNY ADVISED THAT JOSEPH STEIN IS AN ESSENTIAL WITNESS WHOM THEY HAVE BEEN UNABLE TO LOCATE, AND WOULD APPRECIATE ANY HELP IN LOCATING STEIN AS SOON AS POSSIBLE. NYO INDICES DISCLOSED NOTHING PERTINENT RE LOCATION OF STEIN. ON APRIL SIX, MAC MAHON TELEPHONICALLY ADVISED INDICES NEGATIVE, AND HE STATED HE DESIRED INVESTIGATION BY F.B.I. TO LOCATE STEIN. HE WAS TOLD SUCH INVESTIGATION SHOULD BE CONDUCTED BY INTERNAL REVENUE AND NOT F.B.I. AS INTERNAL REVENUE HAD JURISDICTION. MAC MAHON STATED HE BELIEVED FBI SHOULD HANDLE MATTER EVEN THOUGH INCOME TAX TRIAL SINCE FBI BETTER EQUIPPED TO LOCATE WITNESS THAN INTERNAL REVENUE "ACCOUNTANTS". AGAIN POINTED OUT TO MAC MAHON RESPONSIBILITY INTERNAL REVENUE NOT FBI. MAC MAHON SARCASTICALLY STATED "THANKS FOR COOPERATION". AT FIVE FORTY INSTANT USA LUMBARD CALLED NYO AND SPOKE TO ASAC MARCHESSAULT IN MY ABSENCE AND REFERRED TO MAC MAHONS LETTER AND OUR STATEMENT OF NO JURISDICTION. HE ADVISED HE DESIRED TO SPEAK TO ME, I AM BEFORE HE CALLED DEPARTMENT. I WILL TALK TO LUMBARD IN AM AND REPEAT NO JURISDICTION, BUT ADVISE WE ARE ATTEMPTING TO ASCERTAIN WHEREABOUTS OF INFO ON STEIN THROUGH C.I.-S AND SOURCES.

RECORDED-107 192 7314

KELLY

END

APR 15 1954

SENT TO MR. ROSEN
AND SUPERVISOR
INVESTIGATIVE DIVISION

5 APR 20 1954

W 2 29 WA 3N

NYPN

Mr. Rosen

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

APR 9 1954

TELETYPE

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Glavin
Mr. Harbo
Mr. Rosen
Mr. Tamm
Mr. Tracy
Mr. Mohr
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

WASHINGTON 18 14 FROM NEW YORK 9 617 P

DIRECTOR URGENT

FRANK COSTELLO, INTERNAL REVENUE MATTER. RE NYTEL APRIL EIGHT, AND HOTELCALL BY ASSISTANT TO DIRECTOR L.V. BOARDMAN TODAY. ABOVE MATTER DISCUSSED WITH USA LUMBARD TODAY AND HE WAS ADVISED THAT MATTE NOT WITHIN JURISDICTION OF FBI BUT RATHER WITHIN JURISDICTION OF TREASURY DEPARTMENT. HE WAS NOT ADVISED THAT ANY ASSISTANCE WOULD BE GIVEN IN THE MATTER OF LOCATING STEIN AND NO COMMITMENTS WERE MADE.

HOLD PLEASE

RECORDED-101 62-15514-4

APR 15 1954

Mr. Rosen

APR 20 1954

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen

DATE: May 10, 1954

FROM : F. L. Price

SUBJECT: FRANK COSTELLO
INCOME TAX MATTER

Calls: 1:05 p.m.
2:55 p.m.

Supervisor James Handley, New York Office, telephonically advised that the New York Office had just received a telephone call from the U. S. Attorney's Office. Costello's tax case is now in trial and the defense is putting its case into evidence. Robert Murphy, Intelligence Agent, Internal Revenue Service, got on the phone and according to Handley advised that one Alfred E. Sweeney is now testifying as a defense witness. Murphy informed Handley that Sweeney testified he is a former employee of the Federal Bureau of Investigation from 1930 to 1940 as an accountant and had worked in New York City.

According to Murphy, Sweeney is sitting at the counsel table with Costello's attorneys and has testified that the Internal Revenue Agent's figures regarding Costello's income are incorrect and that he desires to submit his own figures as being correct. Sweeney is employed by the public accounting firm of Wiley, Block, and White, of Paterson, New Jersey, which firm has been retained by Costello, and Sweeney is apparently assigned to this case by the accounting firm.

The U. S. Attorney's Office desired to be advised if Sweeney is a former employee of this Bureau and if his separation from the Bureau was voluntary.

Bureau file 67-15934 reflects one Alfred E. Sweeney entered on duty as a Special Agent Accountant on September 2, 1930; resigned October 13, 1933; was reinstated February 12, 1934; and again voluntarily resigned on November 19, 1940. His services were satisfactory. He was born August 3, 1905, Washington, D. C.

RECORDED - 110 67-15514-10
INDEXED - 110

RECOMMENDATION:

Handley was instructed to advise the U. S. Attorney that one Alfred E. Sweeney, as described above, was employed by the Bureau and that it is not known whether this individual is identical with the person who is testifying in behalf of Costello.

OFM:mfb

cc - Mr. Glavin

JUN 4 1954

ASSISTANT DIRECTOR

PERS. FILES

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: May 17, 1954

TO : Mr. Rosen

FROM : F. L. Price

Call: 11:35 a.m.

SUBJECT: FRANK COSTELLO
INCOME TAX MATTER

Supervisor James Handley, New York Office, telephonically advised that Frank Costello was sentenced on income tax evasion charges this morning in Federal Court, New York City. Costello was sentenced to five years on each of three counts, to run concurrently, and was fined $10,000 plus the costs of prosecution. The court ordered that Costello stand committed until the fine was paid, and the court denied his motion for bond pending appeal.

The above is for your information.

OFM:mrb

cc - Mr. Nichols

EX-125
RECORDED - 110

107-1514-11

21 MAY 18 1954

70 JUN 4 1954

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

Tolson
Mohr
Parsons
Belmont
Callahan
DeLoach
Malone
McGuire
Rosen
Tamm
Trotter
W.C. Sullivan
Tele. Room
Ingram
Gandy

TO : MR. A. H. BELMONT

DATE: 12-9-60

FROM : R. O. L'ALLIER

SUBJECT: FRANK COSTELLO
INFORMATION CONCERNING

On December 6, 1960, Ralph S. Spritzer of the Solicitor General's Office telephonically contacted Agent Papich stating that Immigration and Naturalization Service (INS) had suggested that the Liaison Agent could clarify a matter pertaining to the case of Frank Costello, well-known hoodlum.

Spritzer stated that he was preparing to handle the Government's arguments in the appeal filed by the subject in the denaturalization proceedings instituted against him. Spritzer anticipates that the defense will maintain that there was an unusually long lapse of time before INS took action against Costello. Spritzer also anticipates that questions could be raised regarding procedures followed by Government agencies in disseminating information to INS. Spritzer wanted to know what policy we followed in our dissemination to INS concerning aliens and naturalized citizens. He wanted to have a meeting with the Liaison Agent concerning this matter. The Agent explained to Spritzer that he couldn't see any necessity for a meeting, inasmuch as the procedure being followed was very simple; namely, that when the Bureau develops derogatory information concerning a known alien or naturalized citizen we disseminate the data to INS. With regard to naturalized citizens, it was pointed out to Spritzer that we disseminate the information when it predates the naturalization.

On the morning of December 7, 1960, Spritzer called again. He stated that in 1927 Costello was arrested on a bootlegging charge. Spritzer asked if such information would have been received by the Bureau and would we have disseminated the data to INS. The Liaison Agent explained that the bootlegging charge would have involved a Treasury Department investigation and our Identification Division would have received fingerprints if they had been taken and sent to the Bureau. The Agent further told Spritzer that INS is always free to obtain records in our Identification Division by making checks which they do on a daily basis.

SJP:ban
(7)

1 - Mr. Parsons
1 - Mr. Belmont
1 - Mr. Rosen
1 - Mr. McAndrews
1 - Liaison
1 - Mr. Papich

EX 101

REC 30 107-1514-12

12 DEC 14 1960

59 DEC 19 1960

Memorandum L'Allier to Belmont
RE: FRANK COSTELLO

Spritzer made reference to the results of any investigation which may have been conducted concerning the bootlegging charge and he was told that again this was a Treasury Department matter and he should check with that Agency. Spritzer did not ask any further questions and thanked the Agent.

ACTION:

For your information. The above is being directed to the attention of the Investigative Division for possible future reference.

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 2-1274

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI

FROM : SAC, Baltimore

DATE: 5/31/50

[redacted]

[redacted]

Office indicates he is unreliable as a source of information. However, in view of the fact that the significance of this information cannot be properly evaluated in this office, it is being submitted to the Bureau and

[redacted]

MDdB:mhp
62-0

2 cc: Newark
Philadelphia
New York

RECORDED

121-274

JUN 8 1950

53 JUN 1950

120

MIKE RUSSO
GABBY KAPLAN
BERNIE KATZ
FRANK COSTELLO
"DOC" GROSSMAN
FRANK VICK

[illegible] driver, James Wallace, who worked for HAROLD HOWE
CHARLES ROTHKOF, [illegible]
[illegible]
and several other local drivers whose names do not recall.

All pads at this time place were discovered for the transportation of alcohol and illicit gambling from New York, New Jersey, Atlantic City, to points Philadelphia, Pennsylvania, Salem, New Jersey, Atlantic City, New Jersey, Chester, Pennsylvania, Wilmington, Delaware, and the Harrisburg [illegible]

[illegible]

office, he together with his driver FRANK WALLACE, "DOC" GROSSMAN, FRANK VICK, and GABBY KAPLAN went off to the Hotel New Yorker where they m[illegible]

RE: FRANK COSTELLO; et al

[illegible]

North Point Road outside Baltimore, Maryland, in addition to various loads from Slippery Rock, Pennsylvania, Butler, Pennsylvania, Lancaster, Pennsylvania, Cleveland, Ohio, Detroit, Michigan, Crane, Indiana, Richmond, Virginia, and New Bern, North Carolina.

[illegible]

[illegible]

[illegible]

FRANKIE C. asked us to take care of you." The unknown man was then alleged to have offered CHESTNUT $2,500 which CHESTNUT claims he refused inasmuch as he felt he was entitled to a very considerably larger sum

individual and thereafter, [illegible]
Flyer to Philadelphia.

He further stated that he was later informed by STEVE DODSON [illegible] CHESTNUT's whereabouts and [illegible]

[illegible]

him and one of the bullets [illegible]
ear. Some of the slugs in question were alleged to be presently in CHESTNUT's trunk located at STEVE DODSON's place in Philadelphia.

STANDARD FORM NO. 64

Office Memorandum • UNITED GOVERNMENT

DATE: July 5, 1959

TO : DIRECTOR, FBI

FROM : SAC, PHILADELPHIA

SUBJECT: [illegible] FRANK COSTELLO; JOE ADONIS; [illegible] SAM KAPLAN; [illegible] ROSEN; [illegible] DOMINICK [illegible] DEL RUSSO; [illegible] KATZ; [illegible] ROSSMAN; [illegible] YOUNG (DECEASED); [illegible] DRIVER; [illegible] NEUTRALITY ACT; JOHN PAUL CHESTNUT - Informant

The Baltimore Letter to Director, dated 5/31/59, in which information regarding captioned individuals obtained from JOHN PAUL CHESTNUT is set forth. In this letter, certain information regarding FRANK COSTELLO, was Fugitive (See File 15-219)) is set out. In addition, CHESTNUT furnishes information regarding NICK ROSEN and HARRY ROSEN, whom he allegedly met through one P. G. DOUSON, of Philadelphia. He also alleges to have received information from one DOMINICK DE PAOLO regarding the operation of an arms smuggling ring in the eastern part of the United States. Regarding the reliability of CHESTNUT, the following information is furnished for the information of the Bureau.

JOHN PAUL CHESTNUT was recently the subject of a Fugitive UFAP investigation in the Philadelphia Division. During the recent investigation of this individual, various relatives and associates in the Philadelphia area were contacted. Without exception, all persons described CHESTNUT as a liar, who is known to fabricate wild stories regarding his alleged underworld connections.

It should be further noted that this informant also furnished information regarding WILLIAM FRANCIS SUMRON, was; FUGITIVE; ID 2312, and as a result of this information the Newark Office was requested to comment upon this informant's reliability. In respect to this request, Newark advised as follows:

[illegible]

EBI

JEO:MMM

cc 76-[illegible]

15-2287

RECORDED - 36

INDEXED - 36

EX-30

COPIES DESTROYED

R456 AUG [illegible]

JUL 6 1959

55 JUL 26 1959

[illegible]

CHESTNUT also furnished information to Agents of the Baltimore Division regarding an alleged theft of a truckload of merchandise from the TRUCKER FAST FREIGHT LINES at Philadelphia, which theft he alleged occurred in the early months of 1949. The Philadelphia Division attempted to verify this information through JACK ROSS, the former owner of the company, who advised that no such theft had occurred, and stated that the TRUCKER FAST FREIGHT LINES had been out of existence since June of 1948.

Concerning the specific information furnished by CHESTNUT regarding JOHN TROMBOLLA, who is presently sought by the Bureau, the Richmond Division has re-interviewed CHESTNUT at the Bureau's Laboratory, Petersburg, Virginia, and have reported the result of this interview. Investigation is presently being conducted to verify the information furnished by CHESTNUT.

Regarding the information CHESTNUT allegedly obtained from [illegible], it should be noted that [illegible], alias Steve, who [illegible] is an elderly man [illegible] employed as an [illegible] underworld connections. [illegible] CHESTNUT to have been employed as a cook for a diner [illegible] CHESTNUT'S wife formerly worked as a waitress. It should be further noted that during the recent investigation to locate CHESTNUT, [illegible] was instrumental in leading to [illegible] CHESTNUT'S whereabouts.

[illegible]

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 5-220

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen

DATE: April 6, 1954

Time of Call: 1:20 p.m.

FROM : E. H. Winterrowd

SUBJECT: FRANK COSTELLO

ASAC McCabe called with reference to a letter from the U. S. Attorney's Office, Southern District of New York, which apparently has been prepared by Assistant U. S. Attorney McMahon. This letter requests FBI assistance in locating Joseph Stein who is wanted as a witness in the current income tax trial involving Frank Costello.

The last information available concerning Stein is that in 1942 he lived at 376 Sutter Avenue, Brooklyn, New York, and from 1940 to 1942 was reported to be a checker at the Copa Cabana night club. He is alleged to be friendly with such hoodlums as Myer Lansky, Joe Adonis and Jules Podell.

A check has been made of the files of the New York Office and nothing identifiable with Stein appears therein.

McCabe stated that he did not propose to conduct any investigation looking towards finding Stein and that he thought McMahon should be so advised.

INSTRUCTIONS GIVEN:

McCabe was told to advise McMahon that we have nothing identifiable in the New York Office files concerning Stein but that if any information should come to our attention relating to him, McMahon would be advised.

He was also told to tell McMahon that we could not conduct investigation to locate Stein since it is not a matter within our investigative jurisdiction, however, he may wish to have Treasury Department representatives conduct such investigation as is necessary.

It is to be noted that this request for us to locate Stein is out of line, particularly in view of the fact that it results as a result of an income tax case against Costello. Certainly Treasury Department representatives could conduct investigation. We have already conducted a jury panel check for this case and our Identification Division records have been checked

EHW/rec

50 APR 21 1954

SE 40 5-220-1

EX-125 RECORDED-33 INDEXED-33 APR 9 1954

for possible criminal records on witnesses. It is not believed that under any circumstances should we endeavor to waste investigative time to locate somebody whose last whereabouts were known in approximately 1942.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: April 9, 1954

FROM : L. V. Boardman

SUBJECT: FRANK COSTELLO
INTERNAL REVENUE MATTER

With reference to New York teletype 10:44 P.M., April 8, 1954, last sentence to the effect that SAC Kelly was going to talk to Lumbard "in A.M. and repeat no jurisdiction, but advise we are attempting to ascertain whereabouts of info on Stein through C.I.'s and sources," I telephonically instructed SAC Kelly at 8:40 A.M., April 9, 1954, to make no commitment to Lumbard that we would endeavor to ascertain whereabouts of Stein through confidential informants and sources. Although I personally see no harm in making inquiry re whereabouts of Stein during course of our regular contacts with confidential informants, I did not feel that any such commitment should be made to Lumbard.

I told SAC Kelly that in the event the Bureau wished to modify this instruction, he would subsequently be advised.

LVB:WMJ

I. R. D

EX-104

RECORDED-20

5-2202

10 APR 14 1954

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. E. E. HARBOTT

DATE: 10/17/57

FROM : A. ROSEN

SUBJECT: INCOME TAX CASE INVOLVING FRANK COSTELLO

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

This is to make a matter of record information telephonically furnished to the Director's Office on October 15, 1957.

ASAC E. J. McCabe, of the New York Office, called to advise that John Cye Cheasty, our informant in the Hoffa case, testified on October 15, 1957, on behalf of Costello. Some motions were filed by Edward Bennett Williams, Costello's attorney, for the suppression of certain evidence which they state stemmed from wire taps. Costello's case is a Treasury Department matter investigated by the Intelligence Division of that Department and Cheasty testified on October 15 that when he was working for Treasury on one occasion he had Seymour Weiss, of the Roosevelt Hotel, New Orleans, and a former crony of Huey Long, under surveillance and he followed Weiss and Phil Kastel, notorious New Orleans and New York gambler, into the coffee shop of the Hotel New Yorker. Costello was also present. This was back in 1936 or 1937, he said, and the three of them, that is, Costello, Kastel and Weiss, while seated at a table, noted that the Director and Mr. Tolson came into the coffee shop and were placed at a table near the three. Cheasty stated that when the Director and Mr. Tolson were seated, the three of them got up and left the coffee shop.

Cheasty also told Agent Maloney (Maloney handled Cheasty in the Hoffa case) that the reason Cheasty was subpoenaed and testified on October 15 was because he worked on the Treasury case and that Bill Mellin, a special agent of the Intelligence Division of Treasury, testified he installed a tap on Costello's suite at the Hotel New Yorker and Mellin also testified that agents of the Treasury Department, Dinneen and Cheasty, covered the tap. Cheasty said he testified to this but also stated that he never heard Costello talk on the phone nor did he hear Costello's voice over the phone. He also said that the Intelligence Division was investigating Huey Long at that time for possible income tax evasion and thought that Seymour Weiss was Long's "bag man" and was taking Long's money and banking it in Europe.

65-220-3

RECORDED-46

INDEXED-46

OCT 22 1957

AR:LS
(3)

52 OCT 31 1957

EX-13T

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 5-220 SUB A

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

Court Upholds Costello Guilt, Cuts His Fine

The U. S. Court of Appeals yesterday unanimously upheld the income tax evasion conviction of big-shot gambler Frank Costello but sliced $10,000 off his $30,000 fine. His five-year prison sentence was not affected by the ruling.

Frank Costello

The 63-year-old gambling boss, now free on $50,000 bail, was convicted last May of cheating Uncle Sam out of $39,015 during the years 1947 through 1949.

The Appeals Court's opinion, written by Judge Learned Hand and concurred in by Chief Judge Charles E. Clark and Judge Jerome N. Frank, noted that the prosecution had been based on "the net worth method, which the Supreme Court has very recently accepted as permissible though it must be applied with the greatest caution."

High Living Traced

The prosecution, the ruling said, began with a supposed net worth of $250,000 at the start of 1946. It then proved that Costello or his wife, Loretta, spent sums ranging from $60,000 to $90,000 a year.

"By his own admission," Judge Hand wrote, "Costello was a gambler. He had substantial interests in slot machines and jukeboxes and he gambled on horses, cards and fights."

The opinion pointed out that Costello got $30,000 for keeping bookies away from Roosevelt Raceway for two years, "which of itself showed him to have been a man of powerful undisclosed influence."

One Count Not Supported

"We cannot see how it can be doubted that a man, having no resources in loans, gifts or inheritances could have spent what Costello did in the indictment years unless it was out of his income or his wife's, or unless he had a cash reserve from other years."

The Appeals Court reduced Costello's fine by $10,000 because it said that the evidence did not support one of the three counts on which Costello was convicted. [illegible]

15-220-4
NOT RECORDED
126 MAY 9 1955

71 MAY 9 1955

118

Finale

CLIPPING FROM THE

N. Y. N.Y. NEWS

DATED APR 6 1955

FORWARDED BY N. Y. DIVISION

5/5 0-20

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

File

6

NEW YORK--THE U.S. COURT OF APPEALS UNANIMOUSLY UPHELD THE CONVICTION OF BOSS RACKETEER FRANK COSTELLO FOR INCOME TAX EVASION. THE COURT REVERSED ONE COUNT OF THE CONVICTION, HOWEVER, LOWERING COSTELLO'S FINE BY $10,000.

4/5--EG335P

15-220-A

NOT RECORDED
126 MAY 9 1955

71 MAY 9 1955

WASHINGTON CITY NEWS SERVICE

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

ADD 1 RACKETEERS

IN AGREEING TO REVIEW COSTELLO'S TAX EVASION CONVICTION, THE SUPREME COURT SAID THE REVIEW WOULD BE LIMITED TO ONE QUESTION--- WHETHER A DEFENDANT CAN BE REQUIRED TO STAND TRIAL WHEN ONLY HEARSAY EVIDENCE WAS PRESENTED TO THE GRAND JURY WHICH INDICTED HIM. THIS WAS THE MAIN GROUNDS FOR COSTELLO'S APPEAL.

JUSTICES TOM C. CLARK AND JOHN MARSHALL HARLAN DID NOT TAKE PART IN THE DECISION TO REVIEW COSTELLO'S TAX CONVICTION.

THE GOVERNMENT CHARGED IN COSTELLO'S TRIAL THAT HE HAD AN INCOME OF $317,000 DURING THE YEARS 1947 THROUGH 1949, BUT THAT HE REPORTED ONLY $158,000 ON HIS TAX RETURNS. IN ADDITION TO THE FIVE YEAR PRISON SENTENCE, HE WAS FINED $30,000 AFTER HIS TRIAL IN NEW YORK FEDERAL COURT LAST YEAR.

THE U.S. COURT OF APPEALS LATER REVERSED ONE COUNT OF THE THREE-COUNT INDICTMENT AND REDUCED THE FINE TO $20,000, BUT DID NOT ALTER THE PRISON SENTENCE.

10/10--JC137P

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

File

6

(RACKETEERS)

NEW YORK RACKETEER FRANK COSTELLO WON A SUPREME COURT REVIEW OF HIS CONVICTION FOR INCOME TAX EVASION. BUT THE HIGH COURT LEFT STANDING HIS CONVICTION FOR CONTEMPT OF COURT.

IN ANOTHER CASE INVOLVING A RACKETEER, THE HIGH COURT REJECTED THE APPEAL OF JOE ADONIS, EAST COAST RACKET CHIEF CONVICTED OF LYING WHEN HE TOLD THE SENATE CRIME INVESTIGATING COMMITTEE THAT HE IS AN AMERICAN CITIZEN.

THE ORDER CLEARS THE WAY FOR THE GOVERNMENT TO ORDER ADONIS TO START SERVING AN EIGHT TO 24-MONTHS PRISON SENTENCE.

AT ITS FIRST BUSINESS SESSION OF THE FALL TERM TODAY, THE COURT ACTED ON TWO APPEALS FROM COSTELLO, 64-YEAR-OLD NEW YORK RACKETEER.

IT GRANTED HIM A REVIEW OF HIS CONVICTION ON CHARGES OF EVADING MORE THAN $30,000 IN FEDERAL INCOME TAXES. COSTELLO WAS SENTENCED LAST YEAR TO FIVE YEARS IN PRISON ON THESE CHARGES.

AT THE SAME TIME, THE COURT REJECTED IN A BRIEF ORDER COSTELLO'S APPEAL FROM A CONTEMPT CONVICTION WHICH DREW HIM A $500 FINE. THIS CONVICTION WAS BASED ON HIS REFUSAL TO ANSWER QUESTIONS--RELATING TO HIS NATURALIZATION--AT A PRE-TRIAL HEARING IN THE GOVERNMENT'S SUIT TO CANCEL HIS CITIZENSHIP.

10/10--JC1243P

5-220-A

NOT RECORDED
126 OCT 19 1955

60 OCT 20 1955

WASHINGTON CITY NEWS SERVICE

0-19 (7-8-55)

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Gandy

FRANK COSTELLO

The Washington Merry-Go-Round

Contrasts in Rival Party Activities

By Drew Pearson

There are some interesting contrasts in the backstage maneuvering of both political parties for the great Grand National of 1956.

Among Republicans the maneuvering is soft-voice, waiting for word from the man in Denver. The hustle and bustle of those strenuous competitive days when Bob Taft [illegible] in Denver and bidding frantically [illegible] Over the Republican Party has descended [illegible] smaller [illegible] than that which the Democrats felt during the Roosevelt administration, when the party was [illegible] by one man and the [illegible]

[illegible] Nixon shortly after the $18[illegible] expense fund was revealed [illegible] the opposition mounted [illegible] Nixon became Joe McCarthy's chief ambassador at the White House. [illegible]

Super-Active Democrats

Maneuvering in the Democratic camp today is just the opposite. Big political goals are at stake and the bidding will be terrific.

In the Stevenson camp, Adlai has already picked his chief campaigner, Harry Ashmore, the editor of the Little Rock [illegible] who has been up [illegible] in California, Minnesota, Wisconsin. Organization [illegible] completely [illegible] this time [illegible] fault. [illegible] Stevenson leaders in key states [illegible] lawyer [illegible] Harriman [illegible] Kefauver [illegible] always with his own show [illegible]

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63 NOV 28 1955

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N. Y. Herald Tribune
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New Leader

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hotel to raise enough money to leave town. Somehow we've got to do better than that."

Meanwhile, Stevenson forces are dangling enticing offers in front of the long-legged Tennessean to become Adlai's vice president. It would be a strong ticket; for both men are appealing campaigners. But so far Kefauver hasn't bought, and his best friends say he won't.

In the third Democratic camp, Gov. Harriman of New York is handicapped by the fact that officially he's still for Stevenson. So he can't very well go out and beat the bushes for delegates. However, his chief political mentor, astute Tammany leader Carmine De Sapio, is doing a lot of it for him.

So far the Democratic maneuvering has been kept on a friendly even keel, but Democrats have the reputation of being free-thinkers and free-sluggers when the competition gets really keen.

Headlines and Footnotes

Frankie Costello, former underworld czar, is trying hard to convince authorities he has turned over a new leaf. He spends most of his time raising money for charity. Already this year he has collected more than $250,000 for various causes.

Costello is waiting for the Supreme Court to review his tax-evasion conviction. The high court agreed to consider the case on the grounds his constitutional rights may have been infringed. (Moscow, take note: Even racketeers are entitled to full protection of the law in this country.) . . . President Eisenhower has been deluged with invitations from winter resorts, urging him to come to Florida, California and other sunny climes to recuperate . . . Former President Harry Truman is pleased as a peacock over word from the New York Times that his memoirs have stirred up more public interest than former Prime Minister Winston Churchill's memoirs. Truman is telling friends: "My book is doing better than Winston's" . . . Secretary of State Dulles is considering a trip to Afghanistan to counteract the forthcoming good-will visit by Russian leaders. He's been to almost every other country in the world, so why neglect Afghanistan — especially since they now have an arms deal pending with Czechoslovakia.

Inside on Soviet

The United States Ambassador to Russia, "Chip" Bohlen, was "hiding out" at the State Department for some days before the Geneva conference, secretly preparing Secretary of State Dulles for Geneva. He advised Dulles that the Soviet leaders are so far committed to the new goodwill policy that they cannot turn back . . . Bohlen also warned that our new defense treaty with Iran was just as much a blow to the Kremlin as the Czechoslovakian arms deal with Egypt was to us. He also told Dulles not to expect Russia to give up its diplomacy offensive in the Near East unless we cancel our alliance with Iran.

Pointing to the fact that the Kremlin humiliated Foreign Minister Molotov on the eve of the Geneva meeting, Bohlen said this was a sign of mounting rivalry inside the Kremlin. He predicted that Russia would not return to a one-man dictatorship but would continue under committee rule.

Mr. Tolson
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Tele. Room
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Miss Gandy

WHAT'S NEW—By Helen Worden Erskine

Frank Costello Followed Psychiatrist's Advice And Wound up Right Where He'd Started

Frank Costello, the gambler, was alarmed at his reaction to life. To his way of thinking he had come up the hard way and won. Yet he didn't want to see anyone, go any place—even talk to his family. All he did was sit in his luxurious Central Park penthouse and mope.

"Maybe what you need is a psychiatrist," said his wife.

"Maybe you're right," said Costello. "Have the boys locate me one."

Like Detectives

The boys, like detectives who buttonhole 50 people in search of an address which could be found in the telephone book, pussyfooted around, querying this one and that. Every day Costello pressed them for the name of the right psychiatrist and every day they pleaded, "You gotta have the best, Boss." Not until the third week did they come up with the best — "the busiest and wealthiest; therefore the most successful psychiatrist in the country."

Under another name an appointment was made. To the doctor the stranger was just another patient who might, or might not, prove an interesting case. The psychiatrist ordered him to lie on the couch, relax and answer questions. After an hour of getting nowhere, the doctor said, "You're anti-social. Mix more with people. Crack your shell. Help others. Be a good fellow. If you don't, you're in for trouble."

Costello paid the fee, went home and thought it over. Either he took the doctor's advice or he didn't. Being a man who believed in finishing what he started, he reached for the telephone. "I'm throwing a party," he told the maitre d'hotel at the Copacabana night club. "You'll hear the details later."

Welter of Talk

He called friends and acquaintances. Out of a welter of talk, grew the famous $100-a-plate charity dinner for the Salvation Army. Nothing small about him. Eight judges, one Congressman, every top Tammany man and droves of politicians flocked to the Big Boss's party. Not one turn-down! Nobody had ever seen Costello so expensive. He even posed for news pictures with his arm around a judge.

"Now who says I'm anti-social?" he demanded.

Nobody did. He was too social. All the newspapers carried pictures and stories of the Copa party. It inspired editorials. Everybody including Senators and Congressmen, read ulterior motives in the slot machine king's effort to "be a good fellow." The dinner became a political football with the ambitious battling to the very death for the ball. The Senator from Tennessee grabbed it.

Costello, in taking his psychiatrist's advice not to be anti-social, precipitated the Kefauver investigation! As a result he was fined $30,000 and sentenced to five years in prison for income tax evasion.

Last April the U. S. Court of Appeals upheld his conviction but reduced the fine to $20,000. The Supreme Court recently granted him a review on the income tax evasion charge, but left standing his conviction for contempt of court. Out on $50,000 bail he still mopes in his Central Park penthouse apartment, more anti-social than ever.

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Case Title:

Classification:

Newspaper: Boston Herald

Date: 11-30-55

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126 DEC 8 1955

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0-19 (6-21-55)

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Mr. Tamm
Mr. Sizoo
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Mr. Holloman
Miss Gandy

Frank Costello can't go to Hot Springs, Ark., for the baths this year. He's out on bail on an income tax conviction and must stay in New York. He may appeal on the ground this is cruel and inhuman punishment.

Arkansas Treatment Ruled Out for Costello

NEW YORK, Dec. 9 (UP)—Gambler Frank Costello, allegedly suffering from sinusitis-laryngitis, cannot go to Hot Springs, Ark., for treatment, a Federal judge has ruled.

Mr. Costello, 63, currently free in $50,000 bail pending a review of his tax evasion conviction, had sought last month to extend the limits of his bond so he could take hot bath treatment for his ailments in Arkansas.

Dr. William B. Allen was the doctor agreed upon by Mr. Costello's attorney and the Government. Mr. Costello, however, refused to be examined except in the office of his own doctor, Gerald F. O'Brian, which, Judge Sidney Sugerman said, kept Mr. Costello home.

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File

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Wash. News Pgs 5, 8
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Mr. Tolson
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Mr. Belmont
Mr. Mason
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Mr. Rosen
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State Sues Costello and Wife For $190,982 Tax, Penalties

By WILLIAM GREAVES and JIM COOK

Gambler Frank Costello, already facing a five-year prison term for evading federal taxes, was hit today by a $190,982 claim for unpaid state income taxes and penalties.

A tax warrant filed in the New York County Clerk's office showed the state charges Costello paid too little tax from 1941 to 1950. Costello's wife Loretta was also named in a claim covering five of the years.

The actual taxes which the state charges went unpaid amounted to $47,082. Penalties and interest brought the claim against the gambler and his wife to $190,982.

Costello, 62, was convicted in May, 1954, of evading $39,015 in federal income taxes for 1947 through 1949. A five-year sentence was upheld by the U. S. Circuit Court of Appeals here last April. Since then the case has been appealed to Supreme Court.

The current action is not the first state move to get tax money from Costello. The State Tax Commission in March filed a $2,022 judgment against him and his wife for unpaid income taxes and penalties for 1953.

The state charged in the new warrant that Costello failed to pay $2,070 in taxes for 1941 and $18,124 for 1942, 1943 and 1946. He and his wife, the warrant charged, missed paying $26,598 for 1945, 1947, 1948, 1949 and 1950.

Costello, who is alleged to have operated a nation-wide underworld syndicate for many years, recently lost an appeal to the Supreme Court of his conviction for contempt.

He served 14 months in jail for contempt of the Kefauver Senate Crime Committee in 1951 and

CLIPPING FROM THE
N. Y. N.Y. POST
DATED DEC 19 1955
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Re: F. Costello
F. COSTELLO

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Order Costello to Play 20 Questions

Frank Costello, still reluctant to discuss his years of indiscretion in the early 20s when the government suspects he was gambling, bootlegging and ducking taxes, was ordered in Federal Court yesterday to answer at least 20 questions for the feds—or face possible contempt of court proceedings.

As part of pre-trial denaturalization proceedings against him, the 63-year-old gambler was questioned for several hours by Assistant U. S. Attorney Alfred P. O'Hara. When he balked at discussing occupations and old friends in the five years before 1925, O'Hara promptly applied to Federal Judge Lawrence E. Walsh for an order directing him to answer.

Charges Citizenship Fraud

"One of the things I am interested in is knowing whether or not Costello was engaged in bootlegging in the period between 1920 and 1925," O'Hara said.

The prosecutor charged that Costello "illegally and fraudulently" obtained naturalization in 1925.

"He swore to good moral character in the five years before then—when in fact he had dealt in liquor and gambling and evaded federal and state taxes," O'Hara charged. "Also, there were witnesses who testified falsely on his application for naturalization."

In his clam-up, it was disclosed, Costello had claimed the Fifth Amendment, and in court his counsel protested that forcing him to answer would put him "in danger of incriminating himself."

Next Session Jan. 4

After Judge Walsh's order to talk, Costello went back to O'Hara's office, but further questioning was put off till Jan. 4. His lawyers indicated he will answer *most* of the questions then.

In a similar go-round a year ago, Costello was fined $500 for refusing to talk about his pre-1925 background, and last October, the U. S. Supreme Court rejected his appeal from that contempt finding.

Costello is now free in $50,000 bail pending another appeal to the highest court on his 1954 conviction for evading $39,000 income taxes in 1947-49. He drew a five-year sentence and $20,000 fine. The state is also dunning him for back taxes.

[NEWS foto by John Duprey]
Frank Costello smiles as he leaves Federal Court.

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N.Y. Tax Unit Acts Against Costello

Gambler Frank Costello, free on $50,000 bail on a charge of Federal income tax evasion and facing the loss of his American citizenship in Federal Court, suffered another legal setback yesterday.

When he failed to appear in State Supreme Court to answer questions about back New York State income taxes, the State Tax Commission obtained a default order against Costello enabling the state to prefer charges against him for contempt of court.

According to records on file in the New York County Clerk's office, the tax commission claims the gambler and his wife, Mrs. Loretta Costello, owe the state a total of $190,982.24 in back taxes. Costello was served with a state subpoena on Jan. 4 outside Federal Court in Foley Square but Deputy State Tax Commissioner Imre M. Schwarz said no subpoena had been served on Mrs. Costello and therefore no contempt charges would be brought against her.

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Costello Tax Conviction Upheld by High Court

United Press

The Supreme Court yesterday upheld the tax-evasion conviction of New York racketeer Frank Costello, ruling that a grand jury properly may bring an indictment on the basis of "hearsay" evidence.

Costello

Associate Justice Hugo L. Black read the 7-to-0 opinion. Costello, now free on $50,000 bond, faces five years in prison and a $20,000 fine. He also is undergoing denaturalization proceedings.

Hearsay — or second-hand — evidence normally is not admissable in court trials, but the High Court held that a grand jury has more leeway.

Only witnesses against the 64-year-old Costello were three Internal Revenue Service Investigators who examined his books and records.

Costello argued the indictment should be dismissed on the ground that the officers had no first-hand knowledge of the transactions on which their tax computations were based.

But Justice Black said if indictments were open to challenge on grounds of inadequate evidence, a defendant could always insist on a "kind of preliminary trial."

"This is not required by the Fifth Amendment," he said.

Associate Justices Tom C. Clark and John M. Harlan did not take part in the case.

Sicilian-born Costello was convicted of understating his income from 1947 through 1949. The government said he had an income of at least $317,000 during this period, but reported only $158,000 on tax returns.

The gambler was released from Federal Prison in 1953 after serving eight months for refusing to answer questions for the Senate Crime Committee in 1950.

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Last Plea Lost, Costello To Be Jailed in Tax Case

By Milton Lewis

Frank Costello lost his last appeal yesterday to keep from going to prison for income tax evasion.

The United States Supreme Court, in a 7-to-2 decision, upheld his conviction on charges of evading $30,000 in taxes in 1948 and 1949. He is under a five-year sentence and a $20,000 fine. It is expected that he will be forced to surrender next week. He will be eligible for parole after serving twenty months. He is sixty-three and currently free in $50,000 bond.

"I expected the bad news," a top associate of Costello quoted him as saying when he got the word from Washington.

This will be the third time that the racketeer, who in his halcyon days literally made appointments to the bench, will be behind bars. When a youth, he served ten months for carrying a gun. And in 1953 he was released after serving fourteen and a half months of an eighteen-month sentence for contempt of the Kefauver Senate Crime Investigating Committee.

Besides the five-year sentence, a denaturalization proceeding still hangs over Costello's head. He was brought here as a child from Italy and the government wants to denaturalize him as an undesirable, maintaining that he won his citizenship fraudulently.

The denaturalization matter is expected to go to trial in about two months. Should he be denaturalized, the next step would be deportation. A good friend of Costello's, Joe Adonis, recently returned to Italy "voluntarily."

In upholding the income tax conviction, the high court ruled that a grand jury properly may indict on the basis of hearsay evidence. The opinion was read by Associate Justice Hugo L. Black. Normally, hearsay or second-hand evidence is not admissible in trials because the defendant has no opportunity to cross-examine the original informant. The Supreme Court, however, decided that a grand jury has more leeway.

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Supreme Court Backs Costello Tax Conviction

WASHINGTON, March 5 (AP). The Supreme Court on Monday upheld the conviction of Frank Costello, New York gambler, on income tax evasion charges.

COSTELLO WAS convicted in May, 1954, after a six-week trial in New York and was sentenced to five years in prison and a $20,000 fine. A one-time underworld kingpin, he also faces proceedings to deport him to Italy.

Frank Costello

Justice Black delivered the 7-0 decision. Justices Clark and Harlan disqualified themselves.

Costello, whose voice became familiar to millions during televised hearings held by the Senate Crime Investigating Committee, was convicted of evading $28,532 in taxes for 1948 and 1949.

HIS APPEAL contended the conviction should be reversed because only hearsay evidence was given the grand jury which indicted him. The Justice Department said the grand jury acted solely on the basis of testimony by three revenue agents, who also testified at the trial.

Costello was first charged with evading $52,289 in taxes for the years 1946 through 1949. The trial jury acquitted him on the 1946 charge, but convicted him for the other years. Later the U. S. Circuit Court in New York reversed the conviction for 1947. This left standing the conviction for evading $28,532 for 1948 and 1949.

Before these convictions, Costello served an prison sentence. He served 10 months on a gun charge about 40 years ago and served 18 months for contempt [illegible]

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Date MAR 6 1956

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United Press

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Costello

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But Justice Black said if indictments were open to challenge on grounds of inadequate evidence, a defendant could always insist on a "kind of preliminary trial."

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Date MAR 6 1956

Gambler Costello Takes Another Loss

WASHINGTON, March 5 (AP)—Gambler Frank Costello lost in the Supreme Court today his fight to avoid serving a five year prison term for income tax evasion.

In New York, United States Atty. Paul W. Williams said that as soon as the Supreme Court's mandate is received there, Costello will be told when to appear in Federal Court and start serving his sentence.

Costello, 63, has been free in $50,000 bail pending the outcome of his appeal.

Costello also faces deportation to his native Italy.

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Newspaper : BOSTON GLOBE
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LAW IN THE NEWS

Costello Case Clarifies Hearsay Evidence Use

By PHIL YEAGER and JOHN STARK

Frank Costello, the New York gambler, who made his TV debut several years back as a harried witness before the Kefauver Crime Committee, is not totally without service to the law-making process of the United States.

His case has helped clarify one extremely important aspect of legal procedure: The use of "hearsay" evidence by a grand jury.

Hearsay, as most people are aware, is not usually admitted as evidence in court. The general theory is that hearsay as a second hand product and should not be allowed to replace the original article if anything as important as a trial. So the practice is to use witnesses who can testify of their own knowledge and not on the basis of what they have heard.

Grand Jury Not Court

But a grand jury is not a court, and it makes no judgements. Its function is solely to decide if circumstances warrant an indictment, i.e., a criminal charge against the person suspected.

Should rules of hearsay evidence that are used in actual trial also be followed generally in grand jury proceedings?

This is a question about which there has been some doubt. Costello, who was convicted in 1954 of Federal income tax evasion, has been contending his indictment was illegal because the grand jury had heard only three witnesses, all Government investigators, who testified as to what they heard or deduced. This testimony, Costello said, violated accepted rules of hearsay evidence.

Supreme Court Ruling

Recently the United States Supreme Court, in a decision which received little attention from the general public, ruled on the point.

It denied Costello's petition and said grand juries may not be questioned as to sufficiency of proof; that is done during the trial. As a matter of fact, the court added, grand juries are free to act on whatever information they deem satisfactory.

While this pronouncement is no innovation, it involves a broad general principle of law that has widespread effect.

Inasmuch as the Constitution requires grand jury charges in all serious criminal cases, the process is a vital part of American crime control. And the Costello decision would appear to ease somewhat the constantly increasing burden on law enforcing officers.

The next article in this series will will appear Friday.

Mr. Tolson
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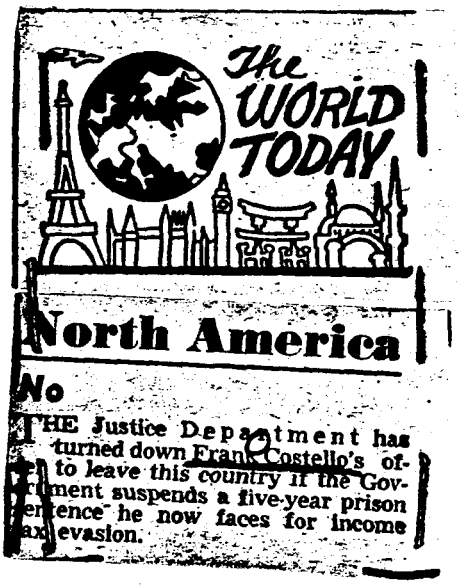

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Mr. Tolson
Mr. Ladd
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Mr. Clegg
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(COSTELLO)
THE SUPREME COURT REFUSED TO RECONSIDER ITS MARCH 5 DECISION UPHOLDING THE CONVICTION OF NEW YORK RACKETEER FRANK COSTELLO FOR TAX EVASION.
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52 MAY 1 1956 WASHINGTON CITY NEWS SERVICE 4/23/56

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Denial of Costello Rehearing Urged

An attempt by Frank Costello to get another hearing on his income tax evasion case ran into strong opposition Monday from the government which said he was just trying to postpone the day he must go to jail.

COSTELLO HAS MOVED for a rehearing in the U. S. Court of Appeals of charges that he evaded payment of $29,000 taxes for 1948 and 1949. The U. S. Supreme Court has upheld his conviction and sentencing to five years imprisonment and a fine of $20,000. Costello is free in $50,000 bail.

In a memorandum answering Costello's motion, Assistant U. S. Attorney Whitney N. Seymour, Jr., said Costello's maneuver had the "sole purpose of delaying the commencement of the defendant's term of imprisonment."

Seymour said Costello's petition was "nothing but a rehashing of ground already covered in detail" and urged "that this frivolous application be promptly and firmly denied."

15-220-A

NOT RECORDED
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Wash. Post and Times Herald
Wash. News
Wash. Star
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0-19 (11-22-55)

Nix Costello Offer To Deport Himself

By NEAL PATTERSON

An offer of self-deportation by Frank Costello on condition that the government suspend or lighten his five-year sentence as an income tax evader, has been rejected, U. S. Attorney Paul Williams announced late yesterday.

Williams disclosed that the 64-year-old gambler, who has been fighting both the jail term and denaturalization proceedings, had made his offer through counsel shortly after the U. S. Supreme Court's recent affirmation of his 1954 conviction.

Frank Costello
Wants to go away

Will Move to Remand

Williams said he will move for revocation of Costello's $50,000 bail and that he be remanded immediately to begin serving his term.

"The Supreme Court has decided Costello's case against him," the prosecutor declared. "I do not feel that any important question remains to be decided, and it is my opinion that Costello must go to jail."

His statement came after Costello's attorneys yesterday began an effort to have the U.S. Court of Appeals grant a rehearing on technical grounds. This move followed the Supreme Court's refusal Monday to reconsider its March 5 decision upholding the conviction.

Costello was convicted of evading $39,000 in taxes in 1948 and 1949 and was fined $20,000, in addition to receiving the 5-year sentence.

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GIR 4

Costello Pleads: He Is 'Very Sick'

Pleading he is "a very sick man" and may be suffering from cancer, gambler Frank Costello made a last-ditch effort Wednesday to escape imprisonment for income-tax evasion.

Federal Judge Ryan ordered a hearing Monday on a motion by Costello to cancel or reduce the 65-year-old gambler's five-year prison term. Two days ago Ryan ordered Costello to surrender for imprisonment Monday, but directed that this order be held in abeyance pending outcome of the new hearing.

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0-19 (11-22-55)

Tax-Term Round Won By Costello

Court Will Hear His Plea for Cut

Frank Costello obtained an order yesterday calling upon the government to show cause on Monday why his five-year term for tax evasion should not be suspended or reduced.

Last Tuesday night the gambler was directed to surrender next Monday to begin serving the prison sentence, but that has been stayed pending disposition of yesterday's show cause order. It was obtained from Judge Sylvester Ryan in United States District Court and is to be argued before Judge John F. X. McGohey, of the same court, who conducted the trial in which Costello was convicted of evading $39,000 in taxes.

In petitioning for a suspended or reduced sentence, the sixty-five-year-old erstwhile racketeer did so on two principal grounds: "I am a very sick man," he is willing to forgo denaturalization proceedings still pending by departing these shores voluntarily.

Cites "Advanced Age"

While he came here from Cosenza, Italy, as a child, he said in his affidavit, he did not specify the particular country he hoped to go to. Assuming the court allowed him to leave voluntarily—the Justice Department has already disclosed it will oppose such action most vigorously—he could not go to Italy unless that country was willing to accept him. [illegible]

In his affidavit, [illegible] advanced age," that he developed cancer of the larynx about twenty years ago and that ever since I have chronically suffered from throat ailments requiring constant medical attention."

He also said "I have a skin condition, which, I am advised [illegible] is potentially cancerous if not already malignant. I am fearful that I am not being told quite how serious my condition is, but I understand that when one has suffered a cancerous condition it is not infrequent for the condition to recur elsewhere in the body.

"My general poor state of health is further aggravated by the fact . . . I am suffering from an ulcer."

Physician's Affidavit

In an accompanying affadavit, Costello's physician, Dr. Gerald F. O'Brien, of 55 E. 66th St., said that the defendant is suffering from a duodenal ulcer as well as melanoma of the left temporal region. The doctor described melanoma as "notoriously one of the most malignant and fatal forms of cancer."

"It is imperative," Dr. O'Brien said, "that his melanoma be surgically excised . . . In view of the gravity of the diagnosis and prognosis, I have been loath even to discuss this matter with Mr. Costello's attorneys and have done so only after receiving Mr. Costello's express permission."

Costello, who lives at 115 Central Park South, is free in $50,000 bond. In addition to the five-year sentence, he was fined $20,000.

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BAUM

Costello Loses His Plea To Quit U. S., Avoid Jail

By Judith Crist

The United States government yesterday turned down an offer by Frank Costello to leave the country voluntarily for his native Italy if the government would consent to suspend a jail sentence for income-tax evasion and drop denaturalization proceedings against him.

The sixty-four-year-old former gambling czar, who faces five years' imprisonment and $20,000 fine on his 1954 conviction for evading $59,000 in Federal income taxes, made his plea through his attorney, Joseph L. Delaney, on Tuesday to Assistant United States Attorney Arthur H. Christy. On Monday the United States Supreme Court declined to reconsider its decision of March 5 upholding his conviction.

To Ask Revoking of Bail

Yesterday, United States Attorney Paul W. Williams announced that after discussing Costello's offer with Deputy Attorney General William P. Rogers, "I have refused the application." Furthermore, "I notified Mr. Delaney that, pending a decision on a motion for a rehearing in the Court of Appeals, which before upheld his conviction, I will move to have his bail revoked and ask that the prisoner be remanded immediately and begin serving his term."

Finally, Mr. Williams said, "Mr. Delaney has advised me that at that time he intends to apply to the District Court for an order permitting the voluntary deportation of the defendant in return for consideration in the matter of sentencing.

"The Supreme Court has decided Costello's case against him. I do not feel that any important question remains to be decided, and it is my opinion that Costello must go to jail."

Costello is free in $50,000 bond.

A good friend of Costello, Joe Adonis, was permitted to go to Italy voluntarily Jan. 8 in lieu of serving a two-year jail term for perjury.

Yesterday, the Supreme Court returned the mandate to the United States Court of Appeals, and at the same time Mr. Delaney filed with that court a petition for a rehearing of the tax conviction. The motion is scheduled for argument Monday.

At almost the same time yesterday, Judge Irving R. Kaufman in United States District Court set June 4 for trial of the government's motion to have Costello denaturalized.

Assistant United States Attorney Alfred F. O'Hara filed a supplementary affidavit in the denaturalization application which has charged that Costello "illegally and fraudulently obtained naturalization" on Sept. 10, 1925.

Costello, Mr. O'Hara declared, "gave to good moral character in the five years before 1925

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[illegible] in fact he had been in liquor and gambling and evaded Federal and state taxes. Also, there were witnesses who testified falsely on his application for naturalization."

Mr. O'Hara said that in pretrial hearings last Dec. 27 and Jan. 4, Costello's brother, Edward, seventy-five, "was an evasive witness and horsed around." He said that when he went to Edward's home in Astoria, Queens, the brother said he was suffering from a heart ailment and could not walk, although a government doctor who examined him said he could be questioned. Edward's wife, he said, held up her husband's hand while the oath was being administered, and the witness "mumbled" many of his answers and "seemed to feign sleep" at times.

"Since most of the issues in the case arise by reason of events which occurred between 1920 and 1925," Mr. O'Hara said, "the witnesses are, in the main, over sixty and some are in their seventies."

Mr. O'Hara said after court that should the Court of Appeals reject the defense motion, it is not probable that Costello would be sent to a Federal penitentiary before the denaturalization proceedings begin, but that he would be remanded to Federal Detention Headquarters at 427 West St.

Costello, who lives at 115 Central Park West, has been behind bars twice before, once when he served a ten-month prison term after being convicted of carrying a pistol in 1915 and again when he served four-teen and a half months of an eighteen-month sentence for contempt of the Kefauver Senate Crime Investigating Committee, from which he was released in 1953.

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(CASTELLO)

NEW YORK--FRANK COSTELLO LOST THREE APPEALS IN FEDERAL COURT AND WAS ORDERED TO SURRENDER ON MAY 14 TO BEGIN SERVING A FIVE-YEAR SENTENCE FOR INCOME TAX EVASION.

FEDERAL JUDGE JOHN T. McDONOUGH REFUSED A FURTHER STAY OF EXECUTION OR REDUCTION OF SENTENCE. HE ALSO REFUSED TO DISMISS THE GOVERNMENT'S CASE AND HAVE PENALIZED COSTELLO TO MONTH JAIL TERM. [illegible] A DENATURALIZATION ACTION [illegible]

58 MAY 18 1956

WASHINGTON CITY NEWS SERVICE

5/7/56

0-19 (11-22-55)

Costello Files Plea

Frank Costello, who began a five-year sentence for income tax evasion on Monday, filed a motion in United States District Court yesterday to reduce that term to one year.

It was filed through his lawyer, Joseph Henry Delaney, who maintained that the sentence was imposed in violation of Costello's Constitutional rights. Hearing was set for Monday.

Costello was convicted for evading $28,532 in taxes. On June 4 a trial to denaturalize him is slated to start. He is currently in Federal Detention Headquarters, West and 11th Sts.

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Costello Jailed Again After Losing Last Pleas

NEW YORK, [illegible] — [illegible] behind bars again today—this time under Federal income tax evasion [illegible].

Taken to the Federal House of Detention, [illegible] will remain there until assigned by the Bureau of Prisons.

Costello, 65, surrendered [illegible] office yesterday after losing [illegible] last-minute legal maneuvers to get his sentence suspended or reduced.

His surrender automatically canceled the $50,000 bail under which he had been free during lengthy appeals as high as the Supreme Court.

Complains of Illness

A newsman asked him how he felt.

"I got an ulcer that's killing me," Costello whispered.

He did not mention cancer. In a recent move for suspension or reduction of his sentence, he filed in court a doctor's affidavit saying he had a recurring case of cancer and needed an operation. He also said he had an ulcer.

Costello was fined $30,000 in addition to his prison sentence.

He also faces Government proceedings seeking to take away his citizenship and deport him. The Government charges that Costello, who came here from Italy as a child, became citizen through fraudulently [illegible] by concealing his criminal record.

The [illegible] scheduled [illegible] Costello [illegible]

COSTELLO STARTS TERM — New York — Gambler Frank Costello, 65, surrendered yesterday and began a five-year prison sentence for Federal income tax evasion. — AP Wirephoto

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Mr. Tolson
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Mr. Boardman
Mr. Belmont
Mr. Mason
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Nease
Mr. Winterrowd
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Mr. Holloman
Miss Gandy

File

COSTELLO FILES APPEAL

Asks Court to Set Aside His 5-Year Prison Term

Frank Costello moved yesterday in Federal Court to set aside his five-year prison term for income tax evasion.

The action came less than twenty-four hours after the 66-year-old gambler had surrendered to begin his prison sentence. He is in the Federal House of Detention.

Argument on the motion filed by Costello's attorney Joseph Henry Delaney, was set for May 21. Mr. Delaney contended that the sentence imposed on Costello in 1954 was in excess of the maximum authorized by law and that the court had been without jurisdiction to impose it.

CLIPPING FROM THE
N. Y. N.Y. TIMES
DATED MAY 16 1956
FORWARDED BY N. Y. DIVISION
P. 23 LATE CITY

RE: FRANK COSTELLO
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(TOP HOODLUM COVERAGE)

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Costello Behind Bars On Tax-Evasion Term

By Milton Lewis

Frank Costello surrendered thirty-five minutes early yesterday to start serving a five-year-term for evading $28,532 in income taxes.

Theoretically, the sixty-five-year-old former rum runner becomes eligible for parole after doing twenty months. When this was mentioned to him in the office of United States Marshal Thomas J. Lunney in the Federal Building at Foley Square the dapper gambler looked at his freshly polished nails and shrugged.

Costello's voice was as raspy as when he was a witness on TV in 1951 before the Kefauver Senate Crime Investigating Committee. For contempt of that committee he did fourteen months of an eighteen-month term, on which occasion he surrendered twenty minutes early. His only other jail term was in 1915 when he did ten months on a gun-carrying charge.

"How do you feel?" a reporter asked him.

"I got an ulcer that's killing me," Costello whispered.

He made no mention of cancer. Recently, in a desperate effort to avoid jail again, he filed an affidavit in which he swore that "I have a skin condition which . . . is potentially cancerous if not already malignant." His offer to exile himself to an unnamed foreign country—he came here from Italy as a child—in lieu of serving the income tax sentence also was refused. He also was fined $20,000.

Costello was due to surrender—all of his legal maneuvering ended—at 4 p. m. But at 3:25 p. m., coming from his apartment at 115 Central Park West, he drove up to the Federal Building by taxi, ducked into the BMT subway in the middle of Foley Square, and found the exit which leads to the court house.

His counsel, Joseph Leary Delaney, told reporters Costello probably will be kept at Federal Detention Headquarters, West and 11th St., at least until the end of his denaturalization trial, scheduled to start before Judge Irving R. Kaufman in United States District Court on June 4. The tax evasions occurred in 1948 and 1949.

Costello was escorted by Marshal Lunney and driven to the detention headquarters two year and one day after a jury had found him guilty.

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Herald Tribune photo by Ira Rosenberg

GOES TO JAIL—Frank Costello at press conference in the Federal Building before he surrendered himself to the United States Marshal at 5:25 p.m. yesterday.

0-19 (11-22-55)

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Costello Trial Set for June 11

A denaturalization trial for Frank Costello was scheduled yesterday for June 11 in the United States District Court of Judge Edmund L. Palmieri. Costello now is serving a five-year prison sentence for evading $28,532 in income taxes.

Costello, who surrendered May 7 to serve his term, had been scheduled to stand trial Monday, but one of his attorneys, Jack Wasserman, of Washington, asked to withdraw from the case because of other commitments. Permission was granted by Judge David N. Edelstein, and the trial was rescheduled.

Government attorneys contend that Costello, a native of Italy, obtained his citizenship fraudulently Sept. 10, 1952, by denying he ever had been convicted of a crime. He served a prison term in his youth for carrying a concealed weapon.

To avoid going to prison on the tax charge, Costello once offered to leave the country voluntarily and permanently.

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Crime

Costello Loses Tax-Case Plea

Frank Costello, the gambler, lost yesterday in a legal maneuver to have vacated his five-year sentence and $20,000 fine for evading $28,532 in income taxes.

Costello contended in United States District Court that he should have been sentenced as a tax evader under a section of the Internal Revenue Code which would have reduced his crime from a felony to a misdemeanor, carrying only a one-year sentence.

Judge John F. X. McGohey ruled, however, that Costello's motion was "without basis." Costello is currently serving time in the Federal House of Detention awaiting his denaturalization trial.

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Tax Conviction Voided

Costello Asserts Hogan Tapped Phone 11 Years

By Milton Lewis

District Attorney Frank S. Hogan maintained a tap on Frank Costello's telephone from 1943 to 1954, the racketeer charged yesterday in United States District Court.

He did so in an affidavit filed through his counsel in an attempt to get his 1954 conviction for income-tax evasion set aside on the ground that these alleged taps were handed over to the Federal government and became an aid in its tax prosecution. Evidence stemming from taps is inadmissible in Federal court.

Costello is serving a five-year term for evading $28,532 in taxes. In September, Federal Judge Edmund L. Palmieri tossed out of court a government denaturalization case against the former kewpie-doll salesman because "extensive" wiretapping had been resorted to by law officers to get evidence in that case. That evidence also allegedly stemmed, in part at least, from Hogan taps.

The request for a re-hearing of the income tax conviction will come up Feb. 13, it was decided by Judge John F. X. McGohey, who presided at the Costello tax trial.

In the affidavit, Costello's counsel, Edward Bennett Williams, of Washington, said:

"As a result of my investigation and preparation for trial in the denaturalization proceeding, I began to suspect that considerably more extensive wiretapping of the defendant's telephone had been undertaken by the office of the New York District Attorney than appeared from the face of the records.

"It is my information and belief that the New York District Attorney's office has continuously maintained wiretaps on the defendant's telephone for a period at least beginning on May 7, 1943, and continuing until his (tax) conviction on May 13, 1954."

Mr. Williams charged that tap information was also obtained by Mr. Hogan's office through interception of conversations between Costello and his local attorneys, Joseph Leary Delaney, Leo Fennelly and George Wolf. Costello was not in court yesterday, though he was brought last Friday from the Lewisburg, Pa., penitentiary to Federal Detention Headquarters at West and 11th Sts. He is to be on tap for the outcome of his new motion, which seeks his freedom through a new trial.

Baumgardner

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Costello Seeks Court Review

By Frank H. King Jr.

Frank Costello, former kingpin gambler, has asked the Supreme Court to hear his argument that the sentence, for income tax evasion, of five years in prison and $20,000 in fines is illegal.

The gambler contends that he should have been sentenced under a statute providing a maximum of one year in jail or fine of $1000 or both.

The issue is whether a general provision dealing with any means of tax evasion, or a more specific one applying to false returns and carrying a lesser penalty, should have governed the case.

Costello's attorneys have raised a question the Department of Justice would like to have clarified by the high tribunal. Solicitor General J. Lee Rankin says the Government will not oppose the gambler's petition for a review. But Rankin made clear in his brief the Justice Department does not agree with the contentions by Costello's lawyers.

The Supreme Court last March upheld an affirmation of the gambler's conviction by the U. S. Second Circuit Court of Appeals in New York. This time, Costello's attorneys, including Edward Bennet Williams, of Washington, are asking for review of a dismissal by the lower courts of a motion for correction of the sentence.

Costello began serving his sentence last May. Williams said yesterday if the high court should agree with the arguments, the gambler would be eligible for release next month. The Costello brief says the statute under which he was sentenced is "so broad in its sweeping and the most serious of its penalties, that it would have been unconstitutional if it had been enacted by Congress."

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Delay for Costello

Pending a Supreme Court review, Federal Judge John F. X. McGohey yesterday postponed a hearing on Frank Costello's motion for a new tax evasion trial. He is serving a five-year term.

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NOT RECORDED
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0-19 (Rev. 9-7-56)

Costello Freed By High Court, Appeals Term

NEW YORK, Mar. 12 (AP).—Gambler Frank Costello has been freed from jail here in $25,000 bail ordered by the United States Supreme Court pending decision on an appeal on his sentence for income tax evasion.

The 65-year-old Costello appeared thin and his voice was husky and quavered as he stepped out of the Federal house of detention last night.

He said he was "going right home" to his apartment on Central Park West and his wife, Loretta.

Costello has sworn in various appeals courts that he is suffering from cancer, heart disease and ulcers. He told newsmen last night that he had lost 15 pounds and had had a cold for three months.

His counsel, Edward Bennett Williams, flew here from Washington with a copy of yesterday's Supreme Court release order.

Costello has served 10 months of a five-year prison term imposed for evading $28,532 in Federal income taxes for 1948 and 1949. He also was fined $20,000.

In requesting bail from the Supreme Court, Mr. Williams said that if his position was upheld Costello would have completed a one-year term after 10 months in prison. He took into consideration time off for good behavior.

The Supreme Court has upheld the actual conviction of Costello. The issue before it now concerns the type of sentence imposed.

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Highest Court Frees Costello in 25G Bail

By NORMA ABRAMS

A few hours after the U. S. Supreme Court had ruled that Frank Costello should enjoy freedom under bail pending further legal action, the gambler, nattily dressed but 15 pounds underweight, walked into Federal Court here and was formally released in $25,000 bail at 6:10 o'clock last night.

The 65-year-old Costello, who has served a year of a five-year sentence for income tax evasion, was taken by U.S. Marshal Thomas F. Lundy from the Federal House of Detention here to the chambers of Judge Thomas F. Murphy.

Though dapper as ever in blue overcoat, gray suit and gray hat, he carried all his possessions wrapped in a brown paper bag.

Hoarse From a Cold

He was beaming, but his voice was extremely hoarse and quavering, and he explained that he has been suffering from a severe cold the last three months.

Costello's breather from the federal pen resulted from his lawyers' argument that he should have been sentenced under a provision of the internal revenue code which covers the filing of false returns—and carries a one-year maximum term.

Instead, he was given five years under another section relating to failure to pay income taxes.

Free Pending Rule

The Supreme Court ordered in Washington that until it rules, probably late this session, on the issue involved, Costello should be allowed out on bail.

A similar tax case is before the court from Dallas, Tex., and arguments will be heard the last week of April.

To free Costello by nightfall, one of his attorneys, Edward Bennett Williams, flew from Washington to New York with the necessary legal papers.

Through the Mill Quickly

In turn, while the lawyers went to Judge Murphy's chambers, Costello was being taken from the House of Detention, and the formalities of bail appraisal were quickly dispatched.

The gambler was convicted in 1954 of evasion of $28,582 federal taxes for the years 1946 and 1949. After previous appeals were exhausted, he began serving his term last May 14.

Accompanied by his lawyers and a friend, he left [illegible] by car for his home [illegible] Park West.

Frank Costello
Out of jail while appeals

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High Court Sets Costello Free on Bail

United Press

The Supreme Court yeste day authorized gamblers Fran Costello and L. B. Binion to b released from Federal custod on $25,000 bail each pending decision on challenges to the five-year sentences for incom tax evasion.

The court, in a brief orde said they should be freed whe they furnish $25,000 bond the District courts where the were convicted.

Costello, convicted in 1954 New York Federal Court, now at Federal Detention Headquarters in New York City. Binion, of Dallas, wa sentenced in 1953 in Texas.

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Highest Court Says Costello Deserves Bail

(Special to the Daily Mirror)

WASHINGTON, March 11. — Former kingpin gambler Frank Costello came up a winner Monday when the nation's highest tribunal ruled he could be freed from prison on bail while awaiting appeal of his income tax conviction.

• • •

THE U. S. SUPREME Court announced, just six weeks from the day it agreed to decide whether Costello's five-year term was too severe, that he could be released by posting $25,000 bond.

The court is to decide whether the law under which he was convicted in 1954 provides for a maximum sentence of one year. It was noted that a case presenting the same issue has been set for argument before it during the week of April 29.

Costello, jailed for a year, presently is held in the Federal House of Detention in New York, to which he was brought last Fall when the government instituted deportation proceedings against the one-time underworld leader.

• • •

HE WON THE initial battle in the deportation proceedings when Federal Judge Palmieri tossed out the case on grounds the evidence against him was tainted by use of wiretaps. The government has announced its intention to appeal.

In the income tax matter, Costello was convicted of willful evasion and filing false returns for 1948 and 1949. He was sentenced to five years on each count, the terms to run consecutively, and fined [illegible] $20,000.

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UP120
(COSTELLO)
THE SUPREME COURT TODAY AUTHORIZED GAMBLERS FRANK COSTELLO AND [illegible] DINION TO BE RELEASED FROM FEDERAL CUSTODY ON $25,000 BAIL EACH PENDING A DECISION AFFECTING THEIR CHALLENGES TO THEIR FIVE-YEAR SENTENCES FOR INCOME TAX EVASION.
THE COURT SAID IN A BRIEF ORDER THEY SHOULD BE ADMITTED TO BAIL WHEN THEY FURNISH $25,000 BOND TO THE DISTRICT COURTS WHERE THEY WERE CONVICTED.
COSTELLO WAS CONVICTED IN 1954 IN NEW YORK FEDERAL COURT. HE NOW IS AT FEDERAL DETENTION HEADQUARTERS IN NEW YORK CITY. DINION, OF DALLAS, WAS SENTENCED IN 1953 IN THE WESTERN DISTRICT COURT OF TEXAS.
BOTH MEN CONTENDED THEIR SENTENCES WERE EXCESSIVE. BOTH ARGUED THAT THEY SHOULD HAVE BEEN SENTENCED UNDER A DIFFERENT INTERNAL REVENUE LAW MAKING THEIR OFFENSE A MISDEMEANOR, PUNISHABLE BY A MAXIMUM OF ONE YEAR IN PRISON.
THE COURT SAID IT WILL HEAR ARGUMENTS ON THE SAME QUESTION, RAISED IN ANOTHER CASE, DURING THE WEEK OF APRIL 29.
IT HELD THAT COSTELLO AND DINION ARE ENTITLED TO BAIL PENDING A FINAL DECISION IN THAT CASE.
3/11--RK222P

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WASHINGTON CITY NEWS SERVICE

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Mr. Holloman
Miss Gandy

Frank Costello, right, stands with his attorney, Edward B. Williams, last night after his release in $25,000 bail in Federal Court. AP Photo.

Costello Is Free On Court's Order

Frank Costello was released from prison in $25,000 bail last night on order of the United States Supreme Court to await a review of his sentence on a conviction for income tax evasion.

The 65-year-old gambler had served 11 months of a five-year term after his conviction in 1951 for evading $23,532 in income taxes for 1948 and 1949. The court ordered Costello's release on bond from the Federal House of Detention here pending determination of whether the law under which he was convicted provides a maximum sentence of one year.

Costello's attorney, Edward Bennett Williams, contended that the underworld leader should have been sentenced under a section of the Internal Revenue Code that specified income tax evasion was a misdemeanor carrying a maximum one year sentence and a $1000 fine. Costello had been sentenced under a section that specified evasion was a felony and had been fined $[illegible] in addition [illegible]

CLIPPING FROM THE
N.Y. WORLD TELEGRAM & SUN
N. Y.
DATED MAR 12 1957
FORWARDED BY N. Y. DIVISION
P. 21 NIGHT

RE: FRANK COSTELLO
GIIF (TOP HOODLUM COVERAGE)

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4-572 (3-29-55)
STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director DATE: 3-15-57

FROM : J. P. Mohr

SUBJECT: The Congressional Record

Pages 3269-3275 Senator Williams, (R) Delaware, spoke concerning the release of Frank Costello, by the Supreme Court, from the Federal penitentiary pending a further review of his 5-year prison sentence involving Federal income-tax evasion. The reference to the FBI, contained in Mr. Williams' remarks, was set forth in a memorandum written earlier this date.

Original filed in:

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In the original of a memorandum captioned and dated as above, the Congressional Record for 3-14-57 was reviewed and pertinent items were marked for the Director's attention. This form has been prepared in order that portions of a copy of the original memorandum may be clipped, mounted, and placed in appropriate Bureau case or subject matter files.

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Mr. Nichols
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Mr. Mohr
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Mr. Trotter
Mr. Nease
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Mr. Holloman
Miss Gandy

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Costello 'Been Getting Bum Raps,' He Thinks

Gambler Frank Costello, free on bail, was looking for sympathy today. He asked:

"I've been getting some bum raps, don't you think?"

Costello, 65, and ailing, was freed on $25,000 bond late yesterday pending an appeal to U. S. Supreme Court. He has served 11 months of a 5-year income tax evasion sentence.

He was sentenced under a felony section of the Internal Revenue Code instead of a misdemeanor section as he should have been, he charges.

The husky-voiced gambler declined comment on the appeal.

"I'd rather not say too much at this time, because I'm in the hands of my lawyer," he said.

Costello, who has joined his wife Loretta in their apartment at 115 Central Park W., said he had no immediate plans.

"I'm just going to lie around New York and take it easy," he said.

He added that he and his wife might spend some time in their home in Sands Point, L.I.

Costello said his most immediate problem was to get rid of a three-month cold.

"I think a little fresh air will cure it," he said.

CLIPPING FROM THE

N. Y. N.Y. POST

DATED MAR 12 1957

FORWARDED BY N. Y. DIVISION

P. 37 7th. BLUE FINAL

RE: FRANK COSTELLO
GIIF
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Costello's Casino Owes $175,000 Tax

WASHINGTON, Nov. 6 (AP).—The United States Tax Court has ordered New York gambler Frank Costello's New Orleans gambling casino to pay $175,000 in back taxes.

The government originally claimed that the casino, the Beverly Club, owed $578,410 in taxes for the years 1948, 1949, 1950 and 1951.

But the court, in a decision handed down Oct. 18 by Chief Judge J. E. Murdock, cleared the club of any liability for back taxes in 1950. The government claimed the casino owed $109,255 for that year.

Settlement of the case was long delayed because Costello's personal records were tied up by subpoena in Federal Court in New York and the Court of Appeals.

The club was opened as a gambling house under a partnership Costello had with Carlos Marcello, now fighting deportation, Philip Kastel, the club president, and A. G. Rickefor.

The casino was closed several years ago after Sen. Estes Kefauver, D., Tenn., took his Senate crime investigating committee to New Orleans to investigate racketeering and gambling.

At issue in the tax case were tax deductions claimed by the casino for the four years, including $10,000 paid to Costello for "services rendered."

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Costello Appeal Is Denied

NEW YORK, Dec. 16 (AP)—A Federal judge today denied a motion to set aside the tax evasion conviction of reputed rackets kingpin Frank Costello. The 64-year-old gambler faces a return to prison to serve the remaining four years of a five-year sentence imposed in May, 1954.

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Tax Case Plea Lost By Costello

Appeal on Taps Is Turned Down

By Milton Lewis

Frank Costello lost another decision yesterday.

Federal Judge John F. X. McGohey rejected the gambler's contention that his 1954 conviction and five-year sentence for income tax evasion stemmed from leads provided by telephone taps made by city police.

Only last week the United States Supreme Court held unanimously that Federal courts must not accept any wire-tap evidence, thereby upsetting a United States Court of Appeals decision that data derived from state taps were admissible in Federal courts if done without the knowledge or connivance of Federal agents.

Free in $25,000 Bail

Later yesterday Chief Assistant United States Attorney Arthur H. Christy said that he will move later this week to have Costello returned to prison. He was freed in $25,000 bail in March, 1956, after he had served eleven months of his term. He is expected to seek continued freedom on bond pending appeal of Judge McGohey's ruling.

In his twenty-eight-page finding, Judge McGohey said that while there was no doubt that local police had tapped Costello's phones, there was no proof that this information was used to convict him. Further, the court continued, even if the local police had provided these taps to Federal agents, there was sufficient evidence to convict him without this data.

"It is clear," the judge wrote, "even if the evidence were stricken as to all the items . . . there would still remain sufficient expenditures, established by evidence not connected with wiretaps, to support the conviction . . ." The judge also noted that there was no proof that Federal agents ever tapped him.

Costello had sought to have his conviction set aside on three grounds. Besides the allegation that wiretapping led to his undoing, he also charged that the government had screened his mail and had inspected the tax returns of the jury panel to make sure it got a favorable jury.

The racketeer also alleged through Edward Bennett Williams, his lawyer, that there had been "knowing, conscious cooperation" between city police and Federal agents in the acquisition of wire tap [illegible].

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Costello Loses His Court Plea, Faces Jail for Christmas

By HENRY LEE

Frank Costello yesterday lost his long fight to beat a five-year income tax rap by a variety of Constitutional arguments. Scene of the defeat was the courtroom of Federal Judge John F. X. McGohey—and the veteran gambler faced the prospect of spending Christmas in jail.

Chief Assistant U. S. Attorney Arthur H. Christy, who opposed Costello's motion to set aside the conviction, announced that papers calling for his surrender were being served immediately.

The government's notice is answerable for argument before Judge McGohey at 10:30 A. M. tomorrow, with surrender for Thursday. Costello's lawyers are expected to seek a stay pending possible appeal.

Released in Bail

Costello, who did 11 months of the sentence, was sprung in March of last year when the U. S. Supreme Court ordered his release in $25,000 bail, pending a review. On June 8, 1956, the court upheld his sentence, but he has remained free because of the motions before McGohey.

The 66-year-old Costello, nailed for ducking $28,582 in income taxes, claimed the government had illegally used wiretap evidence against him.

McGohey ruled the gambler had failed to show that "any evidence adduced against him at the trial resulted from the interception by federal agents of any telephone conversation in which he participated."

"Tenacious Cooperation"

His counsel had argued that there was "knowing, conscious cooperation" between the Internal Revenue Bureau and District Attorney Hogan's office in acquiring wiretap data used in the case.

However, McGohey said Costello failed to show that the wiretap evidence was not known or could not have been discovered prior to the trial, and Costello [illegible]

Judge John F. X. McGohey
The Author, Denied

which he put in evidence here of his conversations after 1943 show unmistakably that he suspected they were being intercepted."

Jury's Tax Returns

The defense had protested that the Treasury Department had scrutinized income tax returns of 150 prospective jurors. McGohey found this "expressly authorized" by the Code of Federal Regulations and added:

"[illegible] the inspected returns [illegible] others. Costello has no standing to complain [illegible]

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Judge Orders Costello Back to Prison Monday

Frank Costello was ordered yesterday by Judge John F. X. McGohey, of United States District Court, to surrender at 3:30 p. m. Monday—the day before Christmas Eve—to resume serving a five-year sentence for Federal income tax evasion.

It was expected, however, that the sixty-six-year-old gambler would contest the order. Indications were that Costello would seek to have his surrender postponed until after the holidays, or would seek to remain free in $25,000 bail pending further appeal.

On Bail 9 Months

Costello, after serving eleven months of his sentence for evading $28,532 in taxes for 1948 and 1949, has been free on bail since March 11, pending determination on whether his conviction should carry a maximum jail penalty of one year.

Since then, Costello has been shot at in the lobby of his apartment, gone to jail on a thirty-day-term for contempt in refusing to testify, and seen the Supreme Court reject his plea of a one-year maximum penalty.

Basis of Appeal

Then, on Monday, Judge McGohey rejected his plea that he was illegally convicted of tax evasion for several reasons. Costello had charged that the government used state-obtained wiretap evidence, illegally kept watch on his mail and checked the income tax of 150 prospective jurors for his trial.

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The Washington Merry-Go-Round

Holaday to Quit As Missile Czar

By Drew Pearson

Another important purge is due in the Eisenhower guided missile department. This time it's missile czar William Holaday who is getting out.

Pearson

To replace him, the Administration is trying to entice Carter Burgess, former Assistant Secretary of Defense and former president of Trans World Airlines. Burgess had a good record in both the Defense Department and TWA, but finally crossed wires with TWA owner Howard Hughes.

Holaday's exit will climax a steady stream of missile experts who have either resigned or been fired or otherwise come a cropper in the Eisenhower Administration. The others are:

• Trevor Gardner, missile executive for the Air Force who resigned in protest against the Administration's slow missile progress.

• Col. John Nickerson, who protested against alleged favoritism to General Motors by Secretary of Defense Wilson and was court-martialed.

• Isaac V. Murphree, special assistant for missiles, who also exited. Murphree had been in charge of Esso Standard Oil's gasoline experiments with the Nazi cartel, I. G. Farben, before Pearl Harbor at the time Standard Oil arranged with I. G. Farben to withhold vitally important gasoline patents from the United States.

• Lt. Gen. James M. Gavin top Army missile expert who has just resigned in protest over missile matters.

Note—Dr. James Killian of Massachusetts Institute of Technology was appointed by Mr. Eisenhower supposedly with full power to correlate the missile program. A few days later it became known that missile czar Holaday disputed this.

Costello and Taxes

A new police-state method of using income taxes to pry into the lives of prospective jury members has New York attorneys up in arms.

Income taxes are supposed to be sacred and private. It is a penitentiary offense for any tax official to leak information regarding tax returns. Up until the time of Senator McCarthy's investigations this also applied to other Government agencies.

However, when Frank Costello, onetime king of the gambling world, came up for trial for income-tax evasion in New York, his attorney, alert Edward Bennett Williams found that the Justice Department had asked the Treasury for the tax returns of 200 prospective Federal jurors and examined them to see whether they were favorable to the Government, whether they had high or low incomes, etc. On the basis of these returns, Government attorneys classified prospective jurors and managed to select for the jury eight favorable to the Government. The jury convicted Costello.

Costello is now appealing on three grounds: 1, that his wires were tapped for three years; 2, that the jurors' income taxes were looked into by the Government; 3, that a mail cover was placed on his mail for the purpose of interviewing anyone who wrote him a letter.

The New York Bar Association has now filed a brief supporting Costello in his appeal. New York lawyers point out that if a jury is under income-tax scrutiny it is likely to feel intimidated and vote with the Government for a conviction.

Mailbag

Sen. Barry Goldwater of Arizona—Thanks for your telegram advising me that you asked the Senate Rackets Committee to postpone its investigation of Walter Reuther and the United Auto Workers not because you would be absent from Washington before Christmas, but because you considered Committee Counsel Bob Kennedy unprepared and uninterested; and that you believe he will continue to be uninterested. . . . Constantin Fotitch, ex-Yugoslav Ambassador to the United States—I appreciated your letter advising that Marshal Zhukov was not given the courtesy of treatment to be due to a grade higher to Zhukov's rank, because Tito must have been advised by the Kremlin in advance that Zhukov was going to be purged. . . . [illegible]

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6-C27

UP157
(COSTELLO)
NEW YORK--GAMBLER FRANK COSTELLO WON AT LEAST ANOTHER 10 DAYS OF FREEDOM TODAY.
THE U.S. CIRCUIT COURT OF APPEALS RESERVED DECISION ON A MOTION TO SET ASIDE A LOWER COURT RULING WHICH DENIED COSTELLO A NEW TRIAL IN HIS CONVICTION IN 1954 OF INCOME TAX EVASION.
THE GAMBLER, WEARING A DARK BLUE SUIT AND A THIN SMILE, WAS CONTINUED FREE IN $25,000 BAIL FOR 10 DAYS.
3/14--N447P

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WASHINGTON CITY NEWS SERVICE

HIGH COURT BARS COSTELLO APPEAL

Gambler Loses Third Bid to Avoid Five-Year Term for Evading Income Taxes

Special to The New York Times.

WASHINGTON, June 30—Frank Costello today lost his third effort to set aside a 1954 conviction for evading $28,532 in Federal income taxes.

The Supreme Court refused to review a lower court decision rejecting the New York gambler's motion for a new trial.

In New York, Chief Assistant United States Attorney Arthur H. Christy said the Government would move immediately for Costello's surrender "the moment that the Supreme Court's mandate" was received by the United States Court of Appeals. The process usually takes about twenty days.

Costello had been fined $30,000 on three tax-evasion counts and sentenced to five years in prison. Because he has been admitted to bail during various appeals, he has served only seven months in jail so far.

The Supreme Court twice before agreed to review the case, but each time it affirmed the conviction. In 1956 it rejected Costello's argument that the indictment be set aside for lack of sufficient evidence before the grand jury. Last year it turned down a contention that he should have been sentenced under a misdemeanor rather than a felony statute.

Associated Press

APPEAL IS REJECTED: Frank Costello, whose bid for review of conviction in tax case was rejected by the U. S. Supreme Court.

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N.Y. N.Y. TIMES

EDITION LATE CITY

DATED 1 JUL 1958

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RE: FRANK COSTELLO
HOODLUM PROGRAM
ANTI-RACKETEERING

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Late in 1956 Costello moved for a new trial. Federal District Judge John F. X. McGohey turned him down, and the United States Court of Appeals for the Second Circuit unanimously affirmed the decision. It was the Second Circuit decision that the Supreme Court today refused to review.

Three issues had been raised by Costello's attorney, Edward Bennett Williams of Washington.

First, it was contended that the Government's case had been based on information obtained from New York State wiretap records and illegally used by Federal prosecutors. Costello said he had found out about the use of wiretap information only in the course of another court proceeding—a Government move to denaturalize him. But the lower courts held that Costello knew his telephone had been tapped years ago and should have raised the question during his tax-evasion trial instead of waiting until after he had been convicted.

Second, Costello complained of a watch put on his mail, through which Federal agents jotted down the names of his correspondents. The lower courts held the mail watch was authorized by law.

Third, strong objection was made to the fact that the Government had secretly obtained the income-tax records of prospective jurors in the Costello trial. The Government then succeeded in keeping from the jury certain members of the panel whose returns seemed subject to question.

Costello's attorney argued that if jurors learned of such a practice, they would try to avoid jury service. The Government said no jurors even knew their returns were being examined, and the lower courts overruled this point also.

In its brief in the Supreme Court the Government conceded that examination of tax returns might worry prospective jurors if the practice became generally known. For that reason, it said "United States Attorneys are being instructed not to engage in this practice."

An order stripping Costello of his citizenship on the ground of fraud in obtaining it was set aside on a technicality by the Supreme Court in another case earlier this year. The Government has started another denaturalization proceeding against him.

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0-19 (Rev. 10-29-57)

Court Grants Costello Delay In Cell Return

Mobster Frank Costello in Federal Court yesterday, won at least a six-day delay in his surrender to finish serving a five-year stretch for ducking $28,000 in U. S. income taxes. He was convicted in 1954 and did 11 months before his release in $25,000 bail in March, 1956.

Costello was granted the postponement on the argument of his lawyer, Edward Bennett Williams, who said he had asked the U. S. Supreme Court for a rehearing of the case.

Court's Choice

Acting U. S. Attorney Arthur Christy told Judge Edward Dimock that "while the order calls for Costello's surrender today, it is within the court's discretion to postpone the surrender until next Wednesday. If the Supreme Court decision is not down by then, the defendant can come in for further relief."

Nattily dressed in a gray suit, white shirt and red and black tie, Costello listened attentively as the lawyers argued. He smiled affably to newsmen as he left court.

(NEWS foto by Gordon Rynders)

Frank Costello glances at his attorney, Edward Bennett Williams, as they leave court yesterday.

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HIGH COURT BARS COSTELLO APPEAL

Gambler Loses Third Bid to Avoid Five-Year Term for Evading Income Taxes

Special to THE NEW YORK TIMES.

WASHINGTON, June 30—Frank Costello today lost his third effort to set aside a 1954 conviction for evading $28,552 in Federal income taxes.

The Supreme Court refused to review a lower court decision rejecting the New York gambler's motion for a new trial.

In New York, Chief Assistant United States Attorney Arthur H. Christy said the Government would move immediately for Costello's surrender "the moment that the Supreme Court's mandate" was received by the United States Court of Appeals. The process usually takes about twenty days.

Costello had been fined $30,000 on three tax-evasion counts and sentenced to five years in prison. Because he has been admitted to bail during various appeals, he has served only eleven months in jail so far.

The Supreme Court twice before agreed to review the case, but each time it upheld the conviction. In 1956 it rejected Costello's argument that his indictment be set aside for lack of sufficient evidence before the grand jury. Last year it turned down a contention that he should have been sentenced under a misdemeanor rather than a felony statute.

Late in 1956 Costello moved for a new trial. Federal District Judge John F. X. McGohey turned him down, and the United States Court of Appeals for the Second Circuit unanimously affirmed the decision. It was the Second Circuit decision that the Supreme Court only refused to review.

Three times he had been raised [illegible]

[illegible] that the Government's case had been based on information obtained from New York State wiretap records and illegally used by Federal prosecutors. Costello said he had found out about the use of wiretap information only in the course of another court proceeding—a Government move to denaturalize him. But the lower courts held that Costello knew his telephone had been tapped years ago and should have raised the question during his tax-evasion trial instead of waiting until after he had been convicted.

Second, Costello complained of watch put on his mail through which Federal agents learned the names of his correspondents. The lower courts said the mail watch was authorized by law.

Third, strong objection was made to the fact that the Government had secretly obtained the income-tax records of prospective jurors in the Costello trial. The Government then succeeded in keeping from the jury certain members of the panel whose returns seemed subject to question.

Costello's attorney argued that if jurors learned of such practice, they would try to avoid jury service. The Government said the jurors then knew their returns were being examined, and the lower courts overruled this point also.

[illegible] its brief in the Supreme Court, the Government [illegible] the examination of tax returns might worry prospective jurors, the practice became generally known. For that reason, it said "United States Attorneys are being instructed not to engage in this practice."

An order stripping Costello of his citizenship on the ground of fraud in obtaining it was set aside on a technicality by the Supreme Court in another case earlier this year. The Government has started another denaturalization proceeding against him.

NOT RECORDED
49 JUL 28 1958

JUL 29 1958

0-20 (Rev. 7-18-58)

Mr. Tolson
Mr. Belmont
Mr. Mohr
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UPI -197

(COSTELLO)

(F) JUSTICE WILLIAM O. DOUGLAS TODAY CONTINUED NEW YORK GAMBLER FRANK COSTELLO ON $25,000 BAIL PENDING A SECOND SUPREME COURT ACTION ON HIS INCOME TAX EVASION APPEAL.

THE HIGH COURT DENIED COSTELLO A HEARING LAST JUNE 30 BUT HE WAS ASKED FOR RECONSIDERATION. THE COURT SELDOM GRANTS REVIEW OF A CASE ONCE IT HAS BEEN TURNED DOWN, BUT IT WILL NOT FORMALLY PASS ON COSTELLO'S NEW PETITION UNTIL FALL.

COSTELLO WAS CONVICTED IN 1954 OF ATTEMPTING TO EVADE ABOUT $26,500 IN FEDERAL INCOME TAXES FOR 1948 AND 1949. HE DREW FIVE YEARS IN JAIL BUT HAS BEEN FREE MOST OF THE TIME WHILE APPEALS WERE BEING TAKEN.

HE HAS COMPLAINED THAT THE GOVERNMENT USED TAINTED WIRE-TAP EVIDENCE TO CONVICT HIM AND KEPT AN ILLEGAL WATCH ON HIS MAIL.

7/25--JE550P

15-220-A
NOT RECORDED
117 JUL 31 1958

57 AUG 1 1958

WASHINGTON CITY NEWS SERVICE

0-20 (Rev. 7-18-58)

Mr. Tolson
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UPI-157
(COSTELLO)

SEN. JOHN J. WILLIAMS (R-DEL.) TODAY KACCUSED THE COURTS OF "PUSSYFOOTING AROUND" ON THE TAX EVASION CASE OF GAMBLER FRANK COSTELLO AND DEMANDED THAT HIS JAIL SENTENCE BE CARRIED OUT.

WILLIAMS SAID IN A SENATE SPEECH THAT COSTELLO HAS RECEIVED "KID-GLOVE" TREATMENT.

THE SENATOR NOTED THAT SUPREME COURT JUSTICE WILLIAM O. DOUGLAS LAST WEEK GRANTED COSTELLO ANOTHER STAY OF SENTENCE PENDING HIGH COURT ACTION ON HIS SECOND APPEAL. THE COURT ON JUNE 30 REJECTED HIS FIRST APPEAL AND ORDERED A LOWER COURT SENTENCE CARRIED OUT.

"IF THIS WERE AN ORDINARY CITIZEN WITH A SIMILAR RECORD OF REFUSAL TO PAY TAXES HE WOULD HAVE BEEN IN THE FEDERAL PENITENTIARY YEARS AGO," SAID WILLIAMS, "AND I THINK THAT IT IS LONG PAST THE TIME WHEN THE COURTS OF OUR COUNTRY STOP PUSSYFOOTING AROUND WITH THIS RACKETEER AND REMEMBER THAT THE 170 MILLION LAW-ABIDING AMERICANS HAVE SOME RIGHTS AS WELL AS DO THESE GANGSTERS."

THE SENATOR SAID COSTELLO "FOR SIX YEARS FAILED TO FILE ANY TAX RETURNS AT ALL" AND FOR 20 YEARS WAS CARRIED AS A TAX DELINQUENT ON THE GOVERNMENT'S BOOKS.

"NO PROSECUTION WAS ATTEMPTED, NOR WAS HE FORCED TO PAY HIS OBLIGATIIMS," SAID WILLIAMS. DURING MOST OF THIS PERIOD, HE ADDED, COSTELLO WAS "EVEN EXCUSED FROM ANNUAL AUDIT."

THE SENATOR SAID: "I RESPECT THE RIGHTS OF ANY INDIVIDUAL CHARGED WITH A CRIME TO HAVE AN OPPORTUNITY IN COURT TO DEFEND HIS CASE, BUT I AM DISGUSTED WITH THE KID-GLOVE MANNER IN WHICH THE COURTS HAVE HANDLED THIS RACKETEER."

"FRANK COSTELLO HAS HAD HIS DAY IN COURT. FOR YEARS HE HAS FLAGRANTLY VIOLATED THE LAWS OF OUR COUNTRY, AND HE HAS CONSISTENTLY REFUSED TO PAY TAXES AS OTHERS ARE COMPELLED TO DO."

7/30--HB349P

NOT RECORDED
117 AUG 5 1958

68 AUG 7 1958

WASHINGTON CAPITAL NEWS SERVICE

0-19 (Rev. 7-18-58)

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A Laymen's View Of Bar and Bench

By WESTBROOK PEGLER

A CHAIN OF THOUGHTS, beginning with the indictment of Frank Costello in his income tax case, has led to the tacit admission by all authority in this country that the Supreme Court is supreme over Congress, over the Executive Department and over the people. Lawyers will belittle this disclosure as old stuff and not really true in the practical sense. But it is absolutely true. The Supreme Court could decide that two-times-two equals five and that would be the law of the land until Congress could rally and pass a law repealing the Court's decision. The Court then could nullify that and so on forever.

PEGLER

Lawyers all are members of a cabal which has imposed the supremacy of the Supreme Court on the people and on the governments of this aggregation of sovereign States. Lawyers have a special interest, their own livelihood, at stake which disqualifies them as trustworthy authorities. Lawyers rarely squeal on other lawyers or attack judges or the courts.

The judges, in turn, stick together in defense of their power, and though individually, like lawyers, they may abuse one another informally, one judge will not attack another nor one court another. Lawyers never speak officially with the honest candor that raises false hopes in the hearts of citizens when lawyers speak privately as men among men. Lawyers as lawyers are not men among men.

A lawyer who should speak as frankly in the open as he speaks in private would expose himself and his clients to the malice of not only the particular judge concerned but of all judges. They have a terrible power to wreak malice, and lawyers grudgingly admit that this is so when they are driven into the last corner. That is, they admit that a judge, though guilty of the most flagrant hatefulness in abusing a victim at his bar, cannot be punished by any authority. He can be reversed by superior judges, but those superiors would not rebuke hatefulness. They would pass it off with a dictum that we all are human and that if a judge errs in that respect he is more to be pitied than scorned, but cannot be judged.

A Federal judge does not have to stand aside or "disqualify" himself when a victim of his hatred coming before him pleads for a transfer to some other judge. The judge can say that he has absolutely no opinion of the victim and order him, in effect, to come and get hung.

15-320-1
NOT RECORDED
184 SEP 24 1958

Wash. Post and Times Herald
Wash. News
Wash. Star
N. Y. Herald Tribune
N. Y. Journal-American
N. Y. Mirror
N. Y. Daily News
N. Y. Times
Daily Worker
The Worker
New Leader

Date SEP 17 1958

66 SEP 25 1958

Lawyers know that personal and political vengeance is a familiar condition in Federal courts, where the Roosevelt machine was responsible for the elevation of cheap men to easy jobs, which pay them more money than they ever dreamed of earning as lawyers, with assurance that their pay never will be reduced or stopped until they die. These specimens have no culture, no manners, no taste and their power is unchallenged by the only body of men who have a sworn, solemn spiritual and civic duty to risk reprisal.

The Costello indictment was based on hearsay evidence given by agents of the Treasury. We have tended to discredit hearsay in trials, but the solemn court judgment in this case that hearsay was good ground for indictment was a startling reminder that grand juries have terrible powers.

This is not lawyerlike discussion, but we may thank God for the right not to be confined to the cant and casuistry of law school scholars in this gathering storm of hatred against the Federal courts and their wily henchmen of the learned profession of the law.

Mr. Pegler's next column appears here Friday

0-20 (Rev. 7-16-58)

Mr. Tolson
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File

I-70
(COSTELLO)

THE SUPREME COURT TODAY REFUSED TO RECONSIDER ITS JUNE 30 ACTION TURNING DOWN A THIRD APPEAL BY NEW YORK GAMBLER FRANK COSTELLO FROM AN INCOME TAX EVASION CONVICTION.

THE SICILIAN-BORN GAMBLING KINGPIN, NOW 67, HAS BEEN FREE ON $25,000 BAIL PENDING DISPOSITION OF HIS APPEALS.

HE WAS SENTENCED TO FIVE YEARS IN JAIL AND FINED $20,000 IN 1954 FOR ATTEMPTING TO EVADE MORE THAN $88,000 IN FEDERAL INCOME TAXES FOR 1948 AND 1949.

MEANTIME THE GOVERNMENT HAS RENEWED DEPORTATION PROCEEDINGS AGAINST HIM. A TRIAL HAS BEEN SCHEDULED FOR DEC. 1.

10/11-0120PD

53 OCT 16 1958

5-220-A

NOT RECORDED
133 OCT 16 1958

WASHINGTON CAPITAL NEWS SERVICE

0-19 (Rev. 7-1-58)

Capital Circus

By PAUL HEALY

Washington, Oct. 13.—Just because the Supreme Court today refused to review appeals by Frank Costello and Paul (The Waiter) Ricca, don't assume that these two pillars of the underworld won't be around much anymore.

One might think that if government can give a bum the bum's rush, one ought to suffice at all times. But in the case of Uncle Sam it sometimes takes many years between moving against the unwanted character and putting him on a fast boat to a country that will take him. Under our laws, a smart lawyer can come up with literally scores of legalistic monkey wrenches capable of fouling up the eviction plans.

Ricca, alias Paul De Lucia and erstwhile heir to Al Capone's Chicago domain, now stands stripped of his citizenship because the high court let stand a denaturalization order issued two years ago. But, contrary to a popular misconception, losing your citizenship doesn't make you automatically deportable. In a separate action, the government must move against you on any of 31 grounds. Some of these grounds are convictions for crimes of moral turpitude, which are particularly apropos in the case of hoodlums.

Frank Costello
Fails in fourth appeal

As for Costello, he failed to interest the Supreme Court today on his fourth appeal from his 1954 conviction for income tax evasion. But he won't be back in jail on that rap long before he is sprung again to face denaturalization proceedings—once again—in December. If the Immigration Service once more says he's not a valid citizen, and all appeals are turned down again, the government can then decide whether to try to deport him.

Costello's complicated legal stratagems could only delight the imagination of someone like that master of the delaying tactic, mouthpiece Edward Bennett Williams.

Breathing the Air of Manhattan

Costello hired Williams back in 1956 when he was sitting in jail and desperately wanted out. He had begun at once his five-year income tax sentence and also had a denaturalization hanging over him.

Williams has managed to keep Costello breathing Manhattan air most of the time since then. He got the denaturalization order thrown out in Federal District Court and he got Costello a new tax trial, charging that the government had based both [illegible] on illegally wiretapped evidence.

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file cfs

Wash. Post and Times Herald
Wash. News
Wash. Star
N. Y. Herald Tribune
N. Y. Journal-American
N. Y. Mirror
N. Y. Daily News 4
N. Y. Times
Daily Worker
The Worker
New Leader

Date OCT 14 1958

F 178 11

59 OCT 20 1958

15-220-A

NOT RECORDED
133 OCT 1 1958

Last April the Supreme Court dismissed the denaturalization order on one of the many technicalities Williams came up with in addition to the wiretapping charge. So the Immigration Service's complaint that Costello falsified his citizenship application back in 1925 was scheduled to start all over again in December.

Paul Ricca
Loses his citizenship

Costello would rather be an alien in this country—even if he must languish here in prison—than a citizen in Italy. After all, losing his citizenship a couple of years ago doesn't seem to have crimped the style of Vito Genovese, tagged by the Senate rackets committee as the $30 million "king of crime." As of now, at least to all intents and purposes, the U. S. does not consider Genovese legally deportable.

Well-heeled racketeers have discovered that even when they are finally ordered deported by the Immigration Service, they can still spend some of the best years of their life in the U. S. The champ in this regard is Carlos Marcello, who is still a big man down in New Orleans, although his ouster order went through way back in February, 1953.

Marcello, who has been convicted of a Narcotics Law violation, might well serve as a model for legal filibustering if Costello should ever find himself facing expulsion. Marcello's case has been carried to the Supreme Court three times, the courts of appeals three times and to the District Court five times, with a mixed bag of writs and injunctions.

This Fellow Pulled a Fast One!

Marcello's mouthpieces came up with a new gimmick last February that must be the admiration of their colleagues. Marcello petitioned the tribunal of Rome to reject him as a deportee on the ground that he is not an Italian citizen due to his birth in Tunisia.

So at the moment, Marcello has two appeals going for him, one based on his alleged noncitizenship in Italy and another containing scores of technical points. All the Immigration Service can do meanwhile is to contain him within three parishes (counties) in southern Louisiana under an "order of supervision". But the area includes his familiar New Orleans, so Carlos is not exactly suffering.

Congress has done nothing to help immigration officials speed the departure of aliens. Bills were introduced in both houses in February, 1957, to limit deportees to one judicial review but the lawmakers let them die.

0-20 (Rev. 7-18-58)

Mr. Tolson
Mr. Belmont
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Mr. Parsons
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UPI 76
(COSTELLO)
NEW YORK--KINGPIN RACKETEER FRANK COSTELLO SURRENDERED TO U.S. MARSHALS TODAY AND WAS RETURNED TO JAIL TO SERVE THE REMAINDER OF A FIVE YEAR SENTENCE FOR INCOME TAX EVASION.
COSTELLO HAD BEEN FREE UNDER $25,000 BOND WHILE THE CASE WAS APPEALED. HIS APPEAL TO THE SUPREME COURT WAS TURNED DOWN.
FEDERAL JUDGE JOHN F. X. MCGOHEY TODAY DENIED COSTELLO AN EXTENSION OF HIS SURRENDER DATE AND ALSO SAID HE HAD NO JURISDICTION TO KEEP COSTELLO IN NEW YORK CITY WHERE HE COULD CONFER WITH HIS ATTORNEYS REGARDING A FORTHCOMING DENATURALIZATION TRIAL.
10/21--JR137P

15-220-A-
NOT RECORDED
133 OCT 24 1958

50 OCT 24 1958

WASHINGTON CAPITAL NEWS SERVICE

FEDERAL BUREAU OF INVESTIGATION

FREEDOM OF INFORMATION/PRIVACY ACTS SECTION

SUBJECT: FRANK COSTELLO

FILE NUMBER: 90-305

b7C [redacted]

10/29/63

PLAIN TEXT

TELETYPE URGENT

b7C [redacted]

TO SAC, ATLANTA

FROM DIRECTOR, FBI

UNSUB; FRANK COSTELLO; VITO GENOVESE; U. S. PENITENTIARY, ATLANTA, LEFPI.

CO: ATLANTA.

REURTEL OCTOBER TWENTY-EIGHT LAST.

INITIATE IMMEDIATE INVESTIGATION TO DETERMINE IDENTITY OF UNSUB AND [redacted] OF RELEASEE FROM USP ATLANTA, GA. [redacted]

b7C,D INTERVIEW RELEASEE THOROUGHLY AS TO MONEY TRANSACTIONS ON BEHALF OF COSTELLO AND GENOVESE AND ANY PARTICIPATION THEY HAD IN ARRANGING FOR ENTRANCE OF NARCOTICS INTO PENITENTIARY.

KEEP BUREAU FULLY INFORMED OF ALL DEVELOPMENTS AND EXPEDITE INVESTIGATION.

[redacted] b7C

(4)

[redacted] 90-305-1

REC-3 b7C

OCT 30 1963

EX-114

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
OCT 29 1963

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☐ AIRGRAM ☐ CABLEGRAM ☒ RADIO ☐ TELETYPE

URGENT 10-28-63

TO DIRECTOR

FROM SAC ATLANTA 282039

Unknown Subject

FRANK COSTELLO; VITO GENOVESE; U.S. PENITENTIARY, ATLANTA, GA., [redacted], OO ATLANTA.

b7C [redacted] ARTICLE APPEARED IN ATLANTA CONSTITUTION OCTOBER 26 LAST, CAPTIONED "GOT DRUGS AT U.S. PEN., SAYS FELON." ARTICLE BASED ON INFO ALLEGEDLY FURNISHED SUPERIOR COURT JUDGE LUTHER ALVERSON, FULTON, GA., WHEN APPARENTLY RECENTLY RELEASED INMATE, [redacted], APPEARED BEFORE THE JUDGE ON STATE LAW VIOLATION, ATTEMPTING TO PURCHASE NARCOTICS. JUDGE ALVERSON REQUESTED IDENTITY OF INFORMANT TO BE KEPT SECRET. UNSUB ALLEGEDLY TOLD JUDGE HE WAS AN ADDICT AND HAD KEPT HIMSELF SUPPLIED DURING FIVE YEARS CONFINED USPA, AND INTIMATED NARCOTICS WERE OBTAINED SURREPTITIOUSLY FROM OUTSIDE SOURCES. UNSUB ALSO STATED HE SMUGGLED SUMS OF MONEY FROM VISITORS TO FORMER INMATES FRANK COSTELLO AND VITO GENOVESE, AND CLAIMS HE RECEIVED CUT FROM SUCH CASH TRANSACTIONS AND USED THIS PROCEEDS TO PURCHASE NARCOTICS. WARDEN HERITAGE QUOTED AS STATING THAT ALLEGATIONS WERE UNTRUE AS NO [illegible] MATERIAL [illegible] [illegible] AUTHORIZATION.

WEATHERHEAD

RECEIVED

b7C

The Attorney General

October 30, 1963

Director, FBI

REC- 16 90-3052

[redacted]
FRANK COSTELLO;
VITO GENOVESE;
U. S. PENITENTIARY,
ATLANTA, GEORGIA;
INTERDICTION OF NARCOTIC FEDERAL INSTITUTIONS

EX-116

REC'D-READING ROOM
OCT 30 2 52 PM '63
FBI

On October 28, 1963, an article appeared in the "Atlanta Constitution" newspaper indicating that Superior Court Judge Luther Alverson of Fulton, Georgia, had furnished information as to the alleged introduction of narcotics into the U. S. Penitentiary, Atlanta, Georgia. Judge Alverson allegedly received this information from an unidentified individual who appeared before the Judge on a Georgia State violation for attempting to purchase narcotics.

The unknown individual before Judge Alverson alleged that he was able to receive supplies of narcotics from outside sources during a five-year period of confinement at the U. S. Penitentiary, Atlanta, Georgia. The unknown subject allegedly stated that he smuggled sums of money from visitors to former inmates Frank Costello and Vito Genovese and claimed to have paid for his narcotic supply with his share of the money smuggled into the penitentiary.

Investigation has been instituted to identify the unknown subject involved, as well as the authenticity of his alleged statements.

1 - The Deputy Attorney General

1 - Mr. Herbert J. Miller, Jr.
Assistant Attorney General

b7C

[redacted]

(11)

OCT 30 3 08 PM '63

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79 NOV 7 - 1963

MAIL ROOM ☐ TELETYPE UNIT ☐

SENT FROM D. C.
TIME 3:55 PM
DATE 10/30/63
BY [redacted]

10/29/63

ERAL INVESTIGATIVE DIVISION

Atlanta being instructed to conduct the necessary investigation.

FD-26 (Rev. 12-13-56)

0 3

FBI

Date: 11/4/63

Transmit the following in _____
(Type in plain text or code)

Via AIRTEL AIRMAIL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI

FROM: SAC, ATLANTA (90-59)

SUBJECT: "CHANGED"
UNSUB;
[redacted] FRANK COSTELLO;
VITO GENOVESE;
[redacted]

NFPD

Re Bureau airtel to Atlanta 10/29/63 and Atlanta radiogram to Director, 10/28/63.

[redacted]

Enclosed for the Bureau are 2 copies of news item captioned "Got Drugs At U. S. Pen, Says Felon" in the Atlanta Constitution, Atlanta, Ga., 10/26/63 in the Morning Street edition [redacted]

[redacted]

(3) - Bureau (Enc. 6) (AM)
2 - Atlanta
[redacted] cmp
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ENCLOSURE

EX-102

90-305-3

NOV 6 1963

C C • WCW

Approved: _____ Sent _____ M Per [redacted]

Special Agent in Charge

64 NOV 19 1963

163

b7c

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

Atlanta, Georgia
November 4, 1963

In Reply, Please Refer to File No.

UNKNOWN SUBJECT: [redacted]

FRANK COSTELLO; VITO GENOVESE;

[redacted]

b7C

IRREGULARITIES IN A FEDERAL PENAL INSTITUTION.

A news item appeared in the Atlanta Constitution, Morning Street edition, written by reporter FRANK STRONG, entitled "Got Drugs At U. S. Pen, Says Felon." [redacted]

By RS
1cc DEPT
1cc Bu Rv
11-8-63
[redacted]

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FD-350 (4-3-62)

(Mount Clipping in Space Below)

Got Drugs At U.S. Pen, Says Felon

By JACK STRONG

A 30-year-old drug addict told a Fulton Superior Court judge at a hearing Friday that he had never been without dangerous drugs or narcotics during the five years he was in the federal penitentiary here.

The crew-cut blond man, whose identity Judge Luther Alverson asked be kept secret "to protect his life," told the judge that he had also smuggled substantial sums of money from visitors to notorious inmates Frank Costello and Vito Genovese.

MINIMUM SECURITY

He told the judge he was able to do this because he was under minimum security guard. He said he was given a percentage of the money that he delivered to inmates and bought drugs and narcotics for himself with his share.

The prisoner, who ran afoul of the law here during an attempt to buy dangerous drugs, told Judge Alverson he also had personal knowledge of considerable drug traffic in Reidsville and at a prison in Columbia, South Carolina.

TRACES LIFE

Appearing to be "nearer" 40 than 30, the man traced a life of crime and imprisonment that began at the age of seven years. He has spent 12 of his 30 years in prison.

Warden D. M. Heritage of the Atlanta Penitentiary, asked for comment on the statements by the prisoner, said, "No warden in the country can declare that there is absolutely no drug traffic in his prison," but he denied categorically that any prisoner is able to sustain an addiction.

CONSTANT FIGHT

"From time to time, the drug traffic gets a little hot and we knock it off," he said. "We're constantly trying to fight this thing."

The warden also said that many prisoners are anxious now to identify themselves with big-time convicts like Genovese and

(Indicate page, name of newspaper, city and state.)

Page 1
The Atlanta Constitution
Atlanta, Georgia
Date: 10/26/63
Edition: morning street
Author: Jack Strong
Editor: Eugene Patterso
Title: UNSUB; (1) IRREGULARITIES, U.S. FEDERAL PENITENTIARY
Character: ATLANTA, GA.
or
Classification: IIFPI
Submitting Office: ATLANTA

90-305-3

ENCLOSURE

Costello, whose names are in the news.

Heritage said two or three guards at the Atlanta prison were fired in 1959 for trafficking with inmates.

In his statement to Judge Alverson, the prisoner mentioned the firing incidents and the name of one of two lab technicians who were also released.

In Friday's court proceedings, the prisoner's mother told the judge that she left the boy at the age of three months with people who could care for him better than she could. She was 15 years old at the time, she told Judge Alverson. She said she lost contact with the boy's foster parents and only found him again after a long search when he was 23 years old. At that time he was in a federal prison serving time for having led a riot in a reformatory.

"I was an outcast in their family," the man said of his foster home. "A psychiatrist once told me I did a lot of the things I did to gain the attention I felt I needed."

His foster parents had him committed to a reformatory at the age of seven, he said. When he was 13, he said he became addicted to drugs and was the homosexual partner of the man who caused his addiction. At age 15, he was sent to Death Row in a South Carolina prison because the warden there felt they were the most appropriate facilities for such a youthful prisoner.

The prisoner spoke calmly and respectfully before Judge Alverson.

"It's a tragic commentary on our social and rehabilitation systems," Judge Alverson said.

At the age of 14 the man said his older partner told him he would have to steal to furnish money for his continued addiction.

"I'd rob soldiers, beat people up—anything to get their money from them. It wasn't money to me; it was what I could buy with it. I know it's definitely lucky that I haven't killed someone or had someone kill me by now."

The man told Judge Alverson that there is no warden in the United States who could stop drug traffic in the Atlanta Penitentiary or in Reidsville even if he knew about it. He said that visiting practices and personal contacts between prisoners, visitors and guards make the halting of such drug traffic impossible.

The man told Judge Alverson that "since a shakeup at Reidsville about a year ago, pills which were selling for two bits apiece now cost 75 cents."

He said that the most popular drugs were inhalers which sold for $5 a tube, some non-prescription drugs costing $2 a pill and one pill called the "L.A. turnaround." He said he had also seen some morphine and other narcotics.

He asked the judge for a chance to be hospitalized and treated for his physical and mental problems. He said for weeks now he has been off drugs except prescribed by a doctor while he was jailed.

The prisoner told a reporter that inmates make ingenious use of smuggled drugs. One type of inhaler he mentioned was taken apart and its inner absorbent liner sliced into small portions. These portions "chased with Coke and hot coffee give a 10 or 12-hour kick," he said.

4-750 (Rev. 12-14-88)

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FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

2 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

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Section 552		Section 552a
☐ (b)(1)	☐ (b)(7)(A)	☐ (d)(5)
☐ (b)(2)	☐ (b)(7)(B)	☐ (j)(2)
☐ (b)(3)	☑ (b)(7)(C)	☐ (k)(1)
_____	☑ (b)(7)(D)	☐ (k)(2)
_____	☐ (b)(7)(E)	☐ (k)(3)
_____	☐ (b)(7)(F)	☐ (k)(4)
☐ (b)(4)	☐ (b)(8)	☐ (k)(5)
☐ (b)(5)	☐ (b)(9)	☐ (k)(6)
☐ (b)(6)		☐ (k)(7)

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_____ Page(s) withheld for the following reason(s): _____

☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
90-305-3 pgs. 2 And 3

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FBI/DOJ

AT 90-59

[redacted]

b7C, D

LEADS

b7C, D

[redacted]

NEW YORK DIVISION

AT NEW YORK CITY

Will at the Federal House of Detention review records of FRANK COSTELLO who was transferred to that institution from the U. S. Penitentiary, Atlanta. Ascertain the names of visitors to COSTELLO at the U. S. Penitentiary, Atlanta, between August 7, 1957, and February 11, 1959. [redacted]

b7C, D

AT 90-59

[redacted]

b7C, D

A review of the files of the indices of the Atlanta Division revealed that subject FRANK COSTELLO is referred to in Atlanta file 90-31, Bufile 90-224, prosecution declined 8/26/60, and VITO GENOVESE the subject of Atlanta file 92-240, Bufile 92-2709.

[redacted]

b7C, D

4-750 (Rev. 12-14-88)

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7 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

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_____	☑ (b)(7)(D)	☐ (k)(2)
_____	☐ (b)(7)(E)	☐ (k)(3)
_____	☐ (b)(7)(F)	☐ (k)(4)
☐ (b)(4)	☐ (b)(8)	☐ (k)(5)
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☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
90-305-3 pages 2 through 8

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4-750 (Rev. 12-14-88)

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FEDERAL BUREAU OF INVESTIGATION
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1 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

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_____ Page(s) withheld for the following reason(s): _____

☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:

90-305-4 page 1 (A)

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4-750 (Rev. 12-14-88)

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_____ Page(s) withheld for the following reason(s): _____

☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
90-305-4 pages C & D

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FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

36 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

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☐ (b)(2)	☐ (b)(7)(B)	☐ (j)(2)
☐ (b)(3)	☑ (b)(7)(C)	☐ (k)(1)
_____	☑ (b)(7)(D)	☐ (k)(2)
_____	☐ (b)(7)(E)	☐ (k)(3)
_____	☐ (b)(7)(F)	☐ (k)(4)
☐ (b)(4)	☐ (b)(8)	☐ (k)(5)
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_____ Page(s) withheld for the following reason(s): _____

☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
90-305-4 (remainder of serial 4)

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FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

13 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

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☐ (b)(3)	☑ (b)(7)(C)	☐ (k)(1)
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_____	☐ (b)(7)(F)	☐ (k)(4)
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☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
90-305-5

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☐ (b)(3)	☑ (b)(7)(C)	☐ (k)(1)
_____	☑ (b)(7)(D)	☐ (k)(2)
_____	☐ (b)(7)(E)	☐ (k)(3)
_____	☐ (b)(7)(F)	☐ (k)(4)
☐ (b)(4)	☐ (b)(8)	☐ (k)(5)
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_____ Page(s) withheld for the following reason(s): _____

☐ For your information: _____

☑ The following number is to be used for reference regarding these pages:
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☑ The following number is to be used for reference regarding these pages:
90- 305- 6

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